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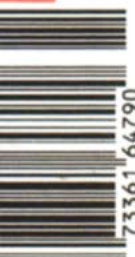
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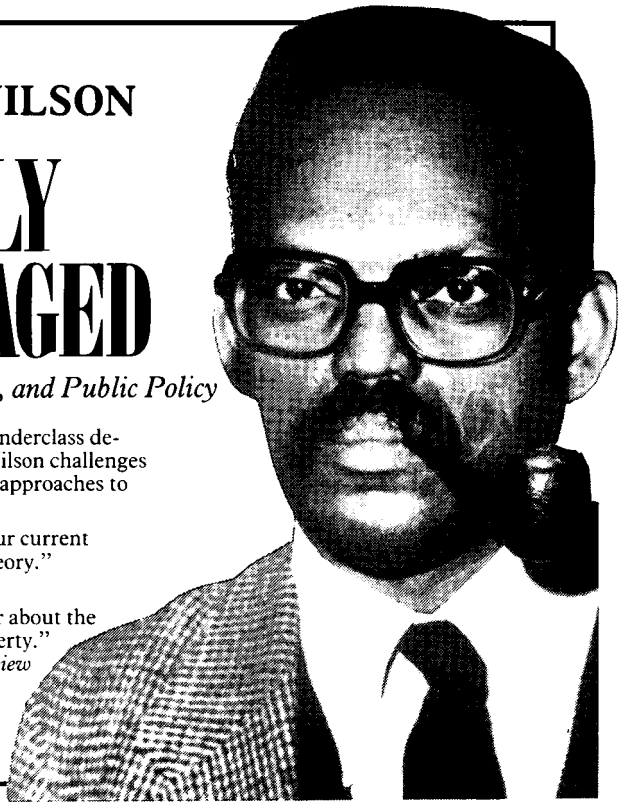
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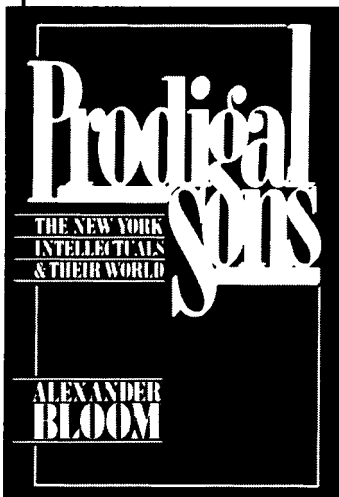
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COMMENTS AND OPINIONS

Gordon Adams on Arms Control, 131 • *Norm Miller* on the Teamsters, 134 • *Aryeh Neier* on Central America, 136 • *Thomas B. Edsall* on Money and Politics, 139

REPORTS FROM ABROAD

Stanley Engelstein on Haiti, 141 • *Desmond Morton* on Canada and Trade, 144

ARTICLES

The Palestinian Revolt: the Israeli Response
Jonathan Frankel
149

On Venice Beach: A Photo Essay
Mitzi Trumbo and Harold Meyerson
157

Gorbachev Meets Up with History
Irving Howe
160

"Solomon" and Consciousness: An Exercise in
Nonscience Fiction
Arkadii Arkanov
164

Soviet Cinema: A Day of Repentance
Josephine Woll
167

After the Party: How Can We Overcome the
Legacy of Reaganomics?
Thomas E. Weisskopf
170

The Establishment Shows Its Hand
H. Brand
180

Vision and Ideology:
How they Affect Economic Thought
Robert Heilbroner
186

German Historians Debate the Nazi Past
Anson Rabinbach
192

Should We Save the Family Farm?
David Moberg
201

The Myth of Free Trade
Gus Tyler
212

For James Baldwin
Barbara Probst Solomon
219

Assaulting the American Mind
Bernard Rosenberg
223

NOTEBOOK

Mona Rishmawi on the West Bank, 227
• *Anthony Borden* on a new student movement,
230 • *Edouard Roditi* on Tom Paine, 231
• *Linda A. Rabben* on grass-roots organizing, 232

IN THE MAGAZINES

Glasnost in Eastern Europe
Brian Morton
235

BOOK REVIEWS

Harold Meyerson on Kuttner's *The Life of the Party*, 237 • *Gary Gerstle* on Montgomery's *The Fall of the House of Labor*, 241 • *Paul Berman* on Argueta's *Cuzcatlán*, 243 • *David Bensman* on Wilson's *The Truly Disadvantaged*, 245 • *Gary Dorrien* on Novak's *Will It Liberate?*, 247

LETTERS

249

IN MEMORIAM

Brendan Sexton—1911–1988
Irving Howe
256

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Gordon Adams

WHAT NEXT FOR ARMS CONTROL?

The Intermediate Range Nuclear Forces (INF) agreement will be ratified by the Senate this spring, setting new precedents for arms control agreements: (1) actual reductions in the number of nuclear warheads held by the superpowers; (2) asymmetrical reductions of weapons; (3) intrusive verification measures.

The INF agreement also contains risks: (1) all the above accomplishments may prove to be significantly more difficult when an agreement covers a large part of the nuclear arsenals, rather than just 4 percent of global nuclear warheads; and (2) although proposed next steps may provide some measure of stability in the nuclear relationship between the superpowers, they are not likely to prevent the modernization of each country's arsenals—nuclear or conventional—nor will they necessarily save budgetary resources.

The warm welcome accorded the INF agreement was genuine; it represents a real step forward. At the same time, the direction currently being taken by strategic policy in both countries, the outline of forthcoming arms control treaties and the domestic politics of defense in the United States all suggest that the champagne bottles should stay corked for the moment.

From INF to START

The INF agreement destroys the delivery vehicles for an entire category of nuclear weapons (but not the warheads or guidance systems, which can be recycled). It does so in an asymmetrical way, with a larger number of Soviet missiles being destroyed. And it provides for careful but clearly intrusive inspection visits and permanent presences on the soil of each superpower. Reductions, asymmetries, and verification are all likely features of future agreements; all should be welcomed as meaningful precedents.

For the United States, the INF agreement means a

reduction in the number of Soviet weapons targeted to hit NATO and Japanese forces and installations when fired from Soviet territory. For the Soviets, it eliminates the threat posed by the Pershing II missiles—aimed, with minimal warning time, at Soviet military, political, and economic targets. Neither side saves any significant budgetary resources. For the United States, more than \$7 billion had already been spent on the cruise missiles and Pershing IIs; the money was already out to sea and could not be recalled.

The going will get tougher with a strategic arms reduction (START) agreement. Strategic weapons based on a variety of delivery systems (land-and-sea-based ballistic missiles, bombers, and cruise missiles constitute a far larger share of the nuclear arsenal). The asymmetries are far more complex, because U.S. warheads are concentrated on sea-launched ballistic missiles, while Soviet warheads are largely on ICBMs. The curious (and baroque) logic of strategic policy will lead both superpowers to do complex modeling of exchange scenarios before agreeing to eliminate a given number of any one type of strategic weapon.

For example: what are the trade-offs between land-based missiles in silos and mobile land-based missiles? What are the trade-offs between weapons with multiple warheads versus those with a single warhead?

On paper and in these models, reductions would have a direct effect on perceived strategic security. As a result, a simple agreement (which seemed possible at Reykjavik) is not easily translated into a treaty. Thus, should a new treaty emerge from the next summit—not a foregone conclusion—it is not likely to be as historic as will be claimed.

The START agreement will be portrayed as achieving 50 percent reductions to roughly 6,000 warheads for each superpower. In reality, as the Natural Resource Defense Council has pointed out, the agreement will count bombers as if they were one war-

head, instead of the twenty-four to thirty-eight warheads each can carry. Counting warheads fully, the agreement would leave each superpower with something over 9,000 warheads, or roughly a 33 percent reduction, not 50, in the overall arsenal.

Such an agreement would still be preferable to current strategic stockpiles, if it actually applied to current stockpiles. The superpowers are fashioning a treaty, however, that would permit a full modernization of each country's nuclear arsenal. In the end, each side may well end up with 6,000 strategic warheads based entirely on modern strategic weapons (some still on the drawing boards) rather than on currently deployed systems.

The U.S. strategic arsenal after a START agreement could thus be composed of fifty MX missiles in silos, fifty MX rail mobile missiles, two-hundred Midgetman single-warhead mobile missiles; one-hundred B-1B bombers; one-hundred thirty-two advanced technology ("stealth") bombers; and seventeen Trident nuclear submarines with Trident II missiles. The bombers would carry air-launched cruise missiles, the next generation of free-fall nuclear warheads and the SRAM II version of the short-range attack missile. In order to meet the 6,000-warhead limit, the United States would simply destroy current B-52 bombers, Minuteman II and III missiles, and retire the Poseidon and Trident I missiles and Poseidon subs.

From a military point of view, the new strategic arsenal would combine several advantages: by and large its components would be more mobile (less vulnerable), less visible (stealthy), equally diverse, and far more accurate. There are strategic advantages to slimming down the force to this modernized capability: there may, for example, be an advantage to mobility in land-based missiles, because they would be harder for the adversary to target, hence less urgent to fire in a crisis. The disadvantage is that *such an arsenal moves yet another step toward imagining it would be possible to fight, control, survive, and prevail in a nuclear exchange.*

The forthcoming START agreement is unlikely to save budgetary resources. There will be expenses to destroy current systems. The acquisition costs of new strategic systems (without which it might be difficult to obtain the agreement of the Joint Chiefs of Staff) could come to at least \$150 billion over the next five to ten years, not including the costs of operation and maintenance. In contrast to the Reagan rhetoric, a START agreement may be arms control as usual—an opportunity to modernize the arsenal at considerable cost.

The START agreement is not the only mixed blessing to flow from the INF treaty. The treaty has

also opened the floodgates for a new round of debates over the conventional military situation in Western Europe with risks of a major buildup. In the short term, the most urgent debate focuses on the nuclear forces remaining in Western Europe. Despite the INF treaty, the United Kingdom and France retain strategic-range missiles targeted on the USSR. In addition, the United States maintains 150 "dual capable" F-111 bombers and has assigned two Poseidon missile submarines to the alliance to provide target coverage.

Modernizing NATO

The debate in Europe, however, turns on the 4,500 U.S. battlefield nuclear weapons still on the continent (down 1,400 since the start of the decade). The United States argues that the credibility of NATO's deterrent requires modernizing these weapons, notably a successor missile to the eighty-eight Lance artillery-fired nuclear missiles and a new air-to-surface nuclear missile. Although the Joint Chiefs of Staff testified to the Congress that there was no weapons "quid pro quo" for their acceptance of the INF treaty, modernization plans for battlefield systems appear to be such a trade-off.

The NATO allies are not unified in either accepting or rejecting these plans. West Germany, in particular, is resisting the idea, since, with the removal of intermediate-range nuclear forces, West Germany is the battlefield on which such short-range forces would be used. As a result, there is growing support in West Germany for further steps toward the denuclearization of the Central Front, an idea strongly resisted by the United States.

Conventional forces in NATO are also a focus of attention. Although INF treaty critics argue that the agreement leaves NATO significantly inferior to the conventional forces of the Warsaw Pact, there is considerable disagreement with this assessment. Among many others, Senator Carl Levin, defense analysts William Kaufmann, Barry Posen, and John Mearsheimer, and the International Institute for Strategic Studies in London have argued that NATO's conventional forces provide an adequate deterrent, in themselves, to a conventional military attack by the Warsaw Pact. If they are correct, there is relatively less pressure to modernize the battlefield nuclear arsenal.

A healthy conventional balance would also defuse rising demands that the European allies stop taking a "free ride" on the U.S. defense budget and provide for their own defense. In reality, there is little evidence that the allies are taking such a "free ride." The common measure—defense spending as a share

of GNP—is misleading, since it compares a U.S. defense budget designed for global defense commitments to European budgets designed to meet regional needs. In fact, when one weights U.S. defense spending conservatively (60 percent for NATO, as estimated by the Defense Department) to reflect such commitments, the share of U.S. GDP committed to spending for the alliance is lower than that of the United Kingdom or France and only slightly above that of West Germany.

Moreover, the U.S. allies in Europe actually provide considerable military forces to the alliance. Including forces in the United States designed for redeployment to Europe, the U.S. allies provide 53.2 percent of NATO's tanks, 45.7 percent of its artillery, 55.4 percent of the combat aircraft, 83.3 percent of the naval combatant ships, 58.4 percent of the active duty personnel and 80 percent of the reserve personnel. West Germany, alone, maintains an active duty force of 400,000 soldiers, while France maintains over 500,000.

"Ally bashing" is not a useful approach to redefining the future of European security policy. Such a redefinition is needed, however, given the INF agreement, Soviet pressures for negotiations on conventional forces, European debates over their future security policy, and economic pressures in both alliances for a change in policy and lower spending.

One option, favored by much of the U.S. military and some military spokespersons in Europe, would deploy new technologies and redefine doctrine to give NATO the upper hand over the Warsaw Pact. Deep-strike missiles and sophisticated aircraft communications would threaten the rear echelon of Warsaw Pact forces well behind the Central Front. These technologies, combined with a battlefield strategy of maneuver, are seen as a way to overcome presumed Warsaw Pact numerical advantages in Central Europe. This course is expensive in tight budgetary times and it has raised some concerns in the alliance (where elements of the strategy have been adopted as "follow-on force attack") that a more "offensive" appearance of NATO's forces could well prove destabilizing in a crisis.

The second option, better known in Europe than in the United States, is described as "alternative defense" or "defensive defense." This option usually combines some or all of the following elements: a reduction of some of NATO's active duty forces, tank barriers at the inner German border, high-tech sensors at the border to detect Warsaw Pact attack, antitank weaponry in large numbers, and a well-trained military reserve. Some versions of this approach go further toward the use

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of new military technologies; some go further in the direction of "civilian defense," without large armies. Because the details of this option are not yet well-defined and have not been adopted by major European governments (though some are welcomed by the West German Social Democrats), it is not likely to emerge as policy in the near future.

Conventional Negotiations

Europeans are reluctant to accept such dramatic changes in their security, in part because of the size and capabilities of Warsaw Pact forces. The third security option for Europe would address this issue directly through conventional arms control negotiations. The countries with forces on the Central Front (the United States, United Kingdom, Netherlands, Belgium, West Germany, Poland, Czechoslovakia, and the USSR) have negotiated over such forces without success for more than fifteen years. In 1988, however, there are signs that such negotiations might make real progress.

A new, comprehensive round of conventional force reduction talks will open this year in Vienna. It will bring together all European countries and cover military forces in Europe from the Atlantic to the Urals. Soviet and Warsaw Pact proposals for these talks accept, for the first time, all three features that char-

acterize the new INF agreement: reductions in forces based, in part, on asymmetries (NATO is stronger in some categories, notably fighter bombers and air support, while the Warsaw Pact is in others, notably tanks and artillery) and verified in intrusive ways.

These negotiations are likely to be lengthy and difficult, given the complexities of hardware, unit organization, age, doctrine, and location of current conventional military forces. Moreover, there is likely to be resistance in the armed forces of both sides to reductions and changes.

Progress in conventional arms control talks, with significant force reductions, however, could have real payoffs. European security could be assured without the need for nuclear modernizations or "deep strike" weaponry. Both the Warsaw Pact and NATO nations could reduce military budgets while gaining in security. Supporters of more defensively defined forces would have a credible and secure context in which to make their case. A major step of this kind toward U.S./Soviet agreement on security might make meaningful strategic arms reductions possible. The INF agreement can be a start, making possible real changes in global security policy over the next decade—if, that is, the siren songs of strategic modernization and conventional buildup are resisted. □

Norm Miller

TEAMSTERS' REENTRY: A MORAL PROBLEM

Asksed two years ago whether the Teamsters would rejoin the AFL-CIO, President Lane Kirkland said: "If my grandmother had wheels, she'd be a trolley." Kirkland had good reason to be skeptical, for the AFL-CIO had expelled the Teamsters in 1957, claiming that the union was "dominated, controlled or substantially influenced in the conduct of its affairs by corrupt influences." Thirty years later little has changed.

It is not that the Teamsters are corrupt from top to bottom. There are hundreds of clean locals and hundreds of thousands of dedicated trade unionists in the Teamsters. But at the top there is no democracy

(leading Teamster officials are elected at a national convention consisting of full-time officials overwhelmingly loyal to Teamster President Jackie Presser), and continuing ties to organized crime are well known:

- Four of the last five Teamster presidents have been indicted for federal crimes and three were convicted and sent to prison.

- Jackie Presser, the current Teamster president, faces charges that he participated in an illegal payroll-padding scheme to use \$700,000 of union funds to pay men who did no work for the Teamsters. The case has a bizarre twist: it appears

Presser was also an FBI informant during the same period.

- In two federal trials, Ray Williams, Presser's predecessor, has stated that the Mafia played a role in putting both him and Presser in office.

- In 1985, a presidential commission on organized crime concluded that criminal influence over the Teamsters is "so pervasive . . . that no single remedy is likely to result in even a measure of true union democracy and independent leadership."

How then can one explain the unanimous decision by the AFL-CIO Executive Council to welcome the Teamsters back into the labor federation? One factor is the unprecedented lawsuit by federal prosecutors seeking to oust the Teamsters' leadership and place the international union under trusteeship. Even before the reaffiliation vote, AFL-CIO leaders rallied to the Teamsters' defense, not in regard to the criminal allegations, but rather around the issue of union independence from federal control. Indeed, several AFL-CIO leaders set up an organization called Americans Against Government Control of Unions, which has recently launched an advertising campaign that likens the lawsuit to the suppression of free trade unions in Poland, the Soviet Union, and Nazi Germany, and depicts it as part of an administration conspiracy to crush organized labor. For some in the AFL-CIO the concern about the government's suit is perhaps not purely altruistic. Along with the Teamsters, the Hotel and Restaurant Employees, the Laborers International Union, and the International Longshoremen's Association were all identified by the President's Commission on Organized Crime as being under the influence of organized crime. If the lawsuit against the Teamsters

succeeds, other unions could be the next targets of federal investigations.

There are also political reasons why some labor leaders have welcomed the Teamsters back. Recent convention foreign-policy resolutions show a steady progression toward a less militaristic stance. A resolution passed at the same convention at which the Teamsters were readmitted calls for "withdrawal of U.S. military assistance to the Contras." It also calls for an end to Soviet and Cuban aid to the Sandinistas, though the two issues are no longer linked as before. But with the Teamsters in the Federation, the political balance will surely shift once again in a more conservative direction, a return to a cold war foreign policy that some in the labor movement would welcome.

The issue of foreign policy aside, others believe that bringing the Teamsters into the AFL-CIO will strengthen a struggling labor movement. In fact, the Teamsters' 1.7 million members, who make it the largest union in the AFL-CIO, will greatly increase the size of the federation and bring in much-needed dues money. The Teamster political action fund, which dwarfs other unions', is expected to raise over \$8 million in 1987-88. In addition, with the Teamsters in the federation it is hoped that the costly and wasteful jurisdictional fights between the Teamsters and other AFL-CIO unions will decline. As Machinist President William Winpisinger said, "I can make a hell of a bank deposit each year with what I save in defending against raiding by the Teamsters."

How did union leaders respond to questions about labor's image as a result of bringing the Teamsters into the federation? Answers ranged from ludicrous ("The Teamsters don't have an image problem," claimed William Wynn, president of the United Food and Commercial Workers) to opportunistic and shortsighted ("If it's a choice between image and power, I'll take power any time," said Robert Harbrant, president of the AFL-CIO's Food and Allied Services Trades Department).

Such attitudes are disturbing. But what is most disturbing is that the vote was unanimous and no conditions were imposed on the Teamsters. The no-questions-asked embrace of the Teamsters means that the AFL-CIO Executive Council considers reports of Teamster corruption overblown or irrelevant when compared with the possible federal trusteeship. However, the AFL-CIO could have opposed the federal trusteeship of the Teamsters—

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and there are good reasons for doing so—without admitting them into the federation. Or at least it could have imposed some conditions for admission.

Those committed to democracy have a right to ask: Where was the moral voice of the labor movement? Even a few votes against the Teamsters could have demonstrated to fellow trade unionists and the public that not everyone in the labor movement considers corrupt, undemocratic unions acceptable.

Labor has been under attack by a hostile administration and a cocky antiunion corporate leadership. The result has been declining living standards for American workers, the collapse of the U.S. industrial base, and union-busting supported by the U.S. government. But the Teamsters, with all their money and members, are not an answer to labor's problems. The labor movement will revive only when it is seen by the public as representing

that which is best in the American political tradition—a force for democracy and a more humane society. In welcoming the Teamsters into their ranks, the AFL-CIO has lost some of that moral standing.

The problem confronting the AFL-CIO is not simply one of “public relations.” A public relations problem can be overcome with a few television commercials and glossy pamphlets. But to regain moral standing requires action to demonstrate that the AFL-CIO does not tolerate undemocratic, corruption-riddled unions.

After the AFL-CIO convention, an organizer for Teamsters for a Democratic Union, a group fighting—against all odds and with very little assistance—for the democratization of the Teamsters, asked: “The AFL-CIO condemns government-controlled unions. What do they say about racket-controlled unions?” It’s a good question. □

Aryeh Neier

CENTRAL AMERICA— PAIN AND STRUGGLE

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he astonishing thing about the Reagan administration's policy toward Nicaragua is its resiliency. Twice in the space of a year, it appeared that the administration's sponsorship of a proxy war was on the brink of failure: in November 1986, when control of the U.S. Senate was won by the Democrats and when the Iran-*contra* scandal began to unravel and a pattern of lying, corruption and other sleaziness was revealed; and again in August 1987 when the five Central American Presidents astonished Washington by agreeing to a peace plan that approximated a regional declaration of independence. Both times, however, the administration maintained its course, mostly by displaying the will to prevail. It has all been a remarkable lesson in the effectiveness of political intransigence.

Now, in 1988, it seems that the administration has been stymied. The February 3 vote in the House of Representatives barring U.S. military assistance to the *contras* was a severe setback. But it is too soon to celebrate the end of the war. At this writing, congressional democrats are developing their own

MARCH 15, 1988

package of “humanitarian” aid to the *contras*. And, the Reagan administration can be counted on to seize the best opportunity to bring a new military aid proposal before the Congress. Moreover, U.S. training and military equipment the U.S. supplied to the *contras* before the cut-off date mandated by the congressional vote have made the *contras* a more effective fighting force than two or three years ago. Also, they have developed a base of rural support, principally in the sparsely populated central and southeastern sections of the country. This will make it very difficult for the Sandinistas to wipe them out militarily. At the same time, there is virtually no prospect that the *contras* will prevail in combat against the Sandinistas' large, experienced, and apparently loyal army. But faith in the Reagan administration's ability to turn Congress around yet again, and trust in its intransigent determination to oust the Sandinistas, are likely to keep the *contras*—and the conflict—going.

From a human rights standpoint, the current military stalemate and the prospect of a prolonged

low-intensity conflict are a prescription for disaster. As in any such conflict, the aim of each side is to control the civilian population. The usual concomitant—as we know from such other current and recent conflicts as those in Afghanistan, Angola, Cambodia, El Salvador, Ethiopia, Guatemala, Mozambique, Peru, the Philippines, and Sri Lanka—is that civilians who are thought to support the other side frequently become the objects of attack. The purpose is to punish them for choosing the wrong side and thereby to deter them and others from repeating the mistake, or to demonstrate that the other side lacks the power to protect them, or to expel them from their homes so as to deprive the other side of the food, shelter, care for the sick and wounded, and information that may be provided by sympathetic civilians.

Subsequent to the signing of the Central American Peace Plan on August 7, 1987, some improvements in human rights took place in Nicaragua, at least insofar as the government's practices are concerned. More freedom of expression was permitted than at any time since the Sandinistas imposed a state of emergency in March 1982 in response to the onset of the *contra* war a few months earlier. Nearly a thousand prisoners held on charges that they had committed politically motivated offenses—between 20 and 25 percent of the total number and, excluding the Somoza National Guardsmen imprisoned since 1979, 40 percent or more of all those held for violent and nonviolent offenses with a political purpose—were released. The rate of new arrests on allegations of providing support to the *contras* declined. The state security detention center in Managua, where many detainees had reported mistreatment and poor conditions, was opened briefly to outside inspection and refurbished.

In January, the state of emergency under which Nicaragua had been ruled for six years was ended, restoring *habeas corpus*, abolishing the widely criticized special tribunals in which those accused of *contra* activity were tried, and establishing strict time limits on incommunicado detention and on pre-trial detention. Those remaining in prison on charges relating to the conflict were offered their freedom if any country outside Central America would accept them and there were indications that the Sandinistas were holding back on freeing them outright principally in order to have something to give in exchange for a cease-fire agreement.

No one doubts that the Sandinistas made these moves in an effort to demonstrate compliance with the Central American Peace Plan and, thereby, to

generate pressure on other parties to bring the *contra* war to an end. Many antagonists of the Sandinistas labeled their liberalizing gestures as insincere, opportunistic, and subject to revocation; others called the moves good-faith efforts to show compliance. Neither side suggested that such moves would have been undertaken except in the context of the peace process. It follows that if the peace process fails, both sides should anticipate that the Sandinistas will crack down again. The only difference between the two sides is that some of the antagonists contend that the Sandinista liberalization is a ruse designed to get the United States to cut off support for the *contras* and that once the *contras* are out of the way, the Sandinistas would crack down again anyway. Those holding this view contend that it is pressure from the *contras* that prevents the Sandinistas from showing their true colors. If that pressure abates and they no longer require the sympathies of American, European, and Latin American democrats, so the argument goes, they would soon make their ruthless totalitarian nature manifest. It is an argument for maintaining a war that must have few parallels: a prediction of *future* denials of civil liberties.

In addition to the probable revocation of the civil liberties that were restored in late 1987, the consequence of the failure of the peace process would be the slaughter of additional thousands of civilians in rural areas and the forcible relocation of additional tens of thousands. If the same pattern holds true as in the past several years, most of the slaughter will take place at the hands of the *contras*; and most of the forcible relocation will be by the Sandinistas. Perhaps paradoxically, these practices are effective military measures for the combatant forces and, at the same time, have much to do with each side's inability to defeat the other militarily.

Contra attacks on civilians serve several purposes. By targeting known or suspected Sandinista sympathizers in rural areas, they eliminate those who might report their movements to the armed forces. Knowledge of those movements would permit the army to engage the *contras* in battles in which the *contras* lack the ability to choose the time and place and in which they are outnumbered and outgunned. Like any guerrilla force, the *contras* require the support of a sympathetic civilian population and cannot risk operating for an extended period in the vicinity of hostile civilians.

Another purpose that is served by attacks on civilians is further disruption of the economy. Three years ago, the *contras* focused particularly on efforts

to disrupt Nicaragua's coffee exports by attacking the seasonal workers who went to the Northwest to take part in the harvest. More recently, they have attacked the gold-mining communities in the Northeast. And throughout the conflict, they have attacked peasant cooperatives, which have been relatively successful in producing cash crops.

The attacks on peasant cooperatives serve yet another purpose of the *contras*. The cooperatives embody the proclaimed socialist aspirations of the Sandinistas, and many of them occupy land that was expropriated from the Somoza family and those considered by the Sandinistas to have been Somoza associates. By destroying these cooperatives, the *contras* mean to express their hatred for the Sandinistas and to warn the rural population of the dangers of aligning themselves with Sandinismo.

Forcible relocation serves the purposes of the Sandinistas because it deprives the *contras* of a civilian population base in rural areas. In addition, it may persuade some peasants to resist *contra* efforts to establish themselves in their vicinity for fear that the Sandinistas will respond by sweeping the peasants off their land. Finally, of course, forcible relocation permits the Sandinistas to create free-fire zones on the theory that all civilians have been removed and that those remaining must be *contras*.

According to Nicaraguan President Daniel Ortega, by January 1988 the number killed in the war was more than 25,000, "the majority of whom are women, children and poor farmers." It is difficult to say whether Ortega's figures are right, but to anyone who has followed the war, they do not sound farfetched. As for the number who have been relocated—either because they had to flee their homes or because soldiers came and told them to go—it is probably about ten times as great.

Though the killing of so many civilians and the forcible relocation of so many more has served the purposes of the combatants, it has also made it difficult for them to prevail. *Contra* attacks on civilians—especially the attacks on noncombatants for being Sandinistas or for having aligned themselves with the Sandinistas—have earned the *contras* hatred and contempt in the urban areas. Though many residents of the cities have become disaffected from the Sandinistas because of economic suffering, this does not seem to translate into widespread support for the *contras*. The very methods that permit the *contras* to survive as a rural force also seem to impede their ability to make converts in the cities.

The Sandinistas are comparably plagued by the consequences of their tactic of forcibly relocating peasants. Inevitably, the peasants victimized by this practice, and others who fear that they too will be driven off their land and out of their homes, resent the Sandinistas. This resentment, as well as resentment over the arrests of peasants thought by the Sandinistas to be *contra* supporters, seems to have produced increased support for the *contras* in rural areas.

As the tactics of both sides that seem to work in the short term also seem to prevent them from prevailing militarily in the long term, it is difficult to imagine how the war might end. By a U.S. invasion to install the *contras* in power? By a negotiated settlement? By a lasting congressional cutoff of aid to the *contras* and their gradual disappearance? It would be foolhardy to predict that any of these, or none of these, will take place. It is safe to predict that continuation of the war will mean a great deal more repression, a great deal more victimization of noncombatants, and a great deal more suffering. □

Thomas B. Edsall

MONEY AND POLITICAL STAGNATION

Money is not the only gauge of political vitality, but in the case of both the Republican and Democratic parties, money reflects the general stagnation of partisan competition as the Reagan years come to a close. For the Republican National Committee, which in the late 1970s and early 1980s turned into a technological powerhouse employing an unparalleled army of operatives and consultants, 1987 marked the first significant decline in cash flow in over a decade.

The waning of the conservative movement, the Iran-*contra* scandal, the burgeoning federal deficit, and the conviction of former Reagan appointees on charges related to influence peddling, have all contributed to a loss of financial support, as revenues dropped from just over \$38 million in 1985, the previous nonelection year, down to \$32 million in 1987. This shortfall left the Republican National Committee in a weakened position as the presidential year began and this lack of funds could prove critically important in the upcoming federal elections.

The Republican National Committee has, in the past decade, regained its status as the central organ of a strong political party, exerting an unprecedented influence over the political process at a national level. The restoration of the national Republican party has been based on a leverage very different from the vote-producing muscle of local, urban political machines in the first half of this century. Instead of a traditional political machine, the Republican National Committee is a money machine, using its success in raising cash to finance the acquisition and development of a technology-based politics: polls, focus groups, voter lists, computers, direct mail, and detailed research into Democratic records.

The technological advantage resulting from the financial dominance of the GOP was a key factor in the success of the party in winning the tight,

competitive House and Senate elections in the late 1970s and early 1980s. More important, the Republican party's decisive technological advantage occurred in tandem with the coalescing of conservative pressures and forces in the late 1970s, which culminated in Reagan's election.

Deepening resentment of state, federal, and local tax burdens; working- and middle-class opposition to welfare programs; backlash against the social dislocations of the civil rights, antiwar, and women's movements; the rise of the religious right; and a politicized business community—all these produced a political moment ripe for the establishment of a right-center national majority.

The cash advantage of the Republican party not only facilitated the initial stages of this power shift, but also reflected the financial endorsement of an increasingly conservative political party by one-and-a-half million donors. This large universe of contributors, drawn almost entirely from the affluent, demonstrated with their contributions a growing partisan commitment that paralleled increasingly strong Republican voting patterns within this income group.

At the same time, the potential capacity of the GOP to reward the loyal and penalize dissidents was a significant factor in the achievement of a series of near perfect party-line votes by Republican House and Senate members at the start of the Reagan administration, before the recession of 1982 broke the full commitment to the Reagan agenda.

The erosion of financial support for the GOP has not leveled the playing field between the two parties. In terms of contributions, the Republican National Committee continues to have better than a four-to-one advantage over the Democratic National Committee. But the diminished cash flow reflects the lost vitality of the conservative revolution that altered the

face of American politics in the first part of this decade.

As of late February, the split between the religious and economic wings of the conservative movement within the GOP, represented to some degree in the early stages of the campaign by Pat Robertson and Representative Jack Kemp, appears to have severely weakened the political right, turning the contest for the Republican nomination into a battle between George Bush and Bob Dole, representatives of the two establishment wings of the GOP. Although the ideological content of the battle for control of the Republican party may well be transformed in the coming months, at the moment the struggle seems to be resolving in favor of a kind of centrism that does not generate the strong financial support typical of the party in the early 1980s.

In a number of respects, the financial condition of the Democratic National Committee (DNC) reflects a similar situation. Democratic fundraising has remained stagnant at roughly \$7.5 million in 1987, an amount that in fact reflects a decline when adjusted for inflation.

The Democratic party has been caught in its own bind between the goals of its chairman, Paul Kirk, Jr., and the ideological commitments of its fundraising constituency. Kirk, since taking office after the 1984 election, has attempted to moderate the party. The party's off-year convention, which had served as a forum for peace, gay rights, and other activist groups, has been terminated, and Kirk has disbanded most of the single-interest caucuses that had held official status within the DNC.

The direct-mail contributor base of the Democratic National Committee, however, is largely composed of a thin slice of affluent liberals living in a handful of upscale enclaves across the country.

These contributors have no interest in a moderate party. Democratic direct-mail donors want a party on the cutting edge of such issues as *contra* aid, abortion, gun control, and gay rights—a party aggressively fueling the ideological fires Kirk has been trying to dampen.

At this writing, the tenor of the Democratic nomination contest remains less clearly defined than the GOP battle. The enlarged role of the South in the 1988 nomination process appears likely to force some of the moderation Kirk has been seeking, although the southern Democratic primary electorate has become increasingly similar to that of the northern Democratic primary. The South has a much higher proportion of black participation in primaries than the North, but working- and lower-middle-class white participation has been declining there over the past decade, just as it has elsewhere, producing a shrinking white Democratic electorate with generally middle-class liberal stands.

Money will remain a major factor in both the primary and general election contests, but perhaps the most important outcome of the November election will be a reading on the durability of the shift to the right in the South and the West, two regions that have become, over the past twenty years, firm bases for Republican presidential candidates. Although Democrats contend that their success in winning Senate seats in the South in 1986 signals a potential end to the near lock held by the GOP in presidential races, the polls, focus groups, and voter interviews suggest that the GOP has continued to make firm gains in both the South and the West, gains which, if they hold up, will give the party's nominee a better than even chance in November. □

ED. NOTE: We go to press too late for comment on Jesse Jackson's remarkable victory in the Michigan Democratic caucuses. In our next issue we shall discuss this development fully.

Stanley Engelstein

A WEEKEND IN HAITI

Armed soldiers were not in evidence. At the airport it looked like business as usual. I was in Haiti as one of two observers sent by the Americas Watch Committee, which had set up an office in Port-au-Prince with the National Coalition for Haitian Refugees to monitor the election. I arrived on Friday, November 27, 1987, two days before the scheduled election. It had amazed my travel agent that the flight had been sold out. Apart from myself, three young men carrying photographic equipment, and an older man, head of a French press agency, the plane was filled with Haitians. If they had come to be part of a democratic revolution, they were to become victims of counterrevolutionary terror.

It would be hard to exaggerate the euphoria among the people about to vote in the first democratic election in thirty years. Downtown, streamers, banners, and graffiti everywhere proclaimed in Creole, "ELEKSYON AYITI '87". The cab driver spoke with excitement about casting his ballot. I asked for whom he was going to vote. He said that was less important than the fact that he was going to vote at all.

Which was precisely what the Namphy military junta understood as well. Because all the candidates were anti-Duvalierist, any outcome of the election was a no-win result for the regime. The Duvalierists had been disqualified by the Provisional Electoral Council (CEP) in accord with a constitutional provision barring them from politics for ten years. A civilian government led by the most likely winners, Gerard Gorge and Marc Bazin, might consummate the revolution that began with the airlifting of "Baby Doc" Duvalier in February 1986.

In June 1987, the junta had attempted to seize control of the CEP, a coup that was thwarted by popular riots and strikes. The junta had failed to investigate the assassination of presidential candidate Yves Volé as he was making a speech in front of a police station on October 13. On November 2, the national election headquarters was gutted by fire; on November 6, the offices of two presidential candidates were sprayed by fire. Bodies of randomly

murdered Haitians found on the street helped sharpen the message.

With some trepidation the two of us from Americas Watch decided to go down that Friday. It had been quiet for a few days and the presence of hundreds of international press people and observers gave some assurance of safety. Besides, wasn't it precisely disruption and even violence at the polls that we were supposed to observe?

At the press center, the international contingent had been well organized. Observers and press had their pictures taken and sealed inside plastic holders, with name and PRESSE and OBSERVATEUR prominently displayed. The badges were to be worn at all times with, as it happened, quite ironic consequences.

Our observer group consisted of the two of us from Americas Watch, some staff of the National Coalition for Haitian Refugees, and a group of seven led by Robert E. White, former U.S. Ambassador to El Salvador. We were to observe the polls in rural areas since Port-au-Prince would be well covered by others. I was assigned, with two from White's group and a Haitian, to Cap-Haïtien in the North. We were to leave Saturday morning for the four-hour trip along the sea, then through the mountains to the Cap.

Driving through Port-au-Prince Saturday morning, we thought that the city looked cheerfully normal. The colorful tap-taps, the jitneys that are the main form of transportation, were put-putting through the streets; open-air markets were displaying merchandise; women were striding along rhythmically with wares balanced on their heads. Just another Saturday morning in Port-au-Prince—or so it seemed, because it was not yet known that the terror had already started in the North.

To the right of the road as we drove north were chains of hills and mountains, nude of any growth, as if some giant razor had shaved them clean. The woman in our car, who was a professor of Latin American history, pointed to the hills as an example

of the policies of the Duvalier dictatorship, which had devastated the country's natural resources.

Less than two hours out of Port-au-Prince, beyond the town of Montrouis, ominous signs began to appear. The road was partially blocked by stones and branches. A little further along we saw a huge truck lying on its side. The driver, coming around a bend in the road, could not have seen the tree-trunk barricade. We passed other barricades of stones and branches and soon found ourselves about fifty yards behind a van with large letters, "TV," on its back. The van stopped suddenly about ten yards in front of a barricade, which included a burned out tap-tap. We saw about ten men in civilian clothes, some with rifles, others with machetes. When the cameramen jumped out of the van to take pictures, the Macoutes started waving their machetes and pointing their guns. The TV men scooted back into the van which turned around and took off. We also reversed immediately and preceded the van on the way back. That evening at a press conference, French reporters said they had been roughed up by the Macoutes at that barrier and had had their equipment damaged. With that barricade, the Macoutes had effectively cut off the North to international press and observers. We later learned that two helicopters that were supposed to deliver ballots to the North had been grounded by the government. There would be no voting at all the next day in Cap Haitien.

About noon, as we parked by the side of the road, the TV van, which contained an ABC network crew, joined us and we were surrounded by about thirty people from the village. We were told of a massacre the night before in which over twenty people had been killed. This was never confirmed. The Haitian in our group was determined to take another crack at the barricade and we went to the local police station to get protection. We passed a church and other buildings pockmarked with bullet holes and saw many empty shells on the ground. The local police, who may not yet have known what was going on, provided us with an armed escort in uniform. He squeezed into the rear of the car next to me and I could feel the weight of the rifle. I protested that the whole idea was crazy. Did we expect to have a shootout at the barricade? And even if, incredibly, bowing to local authority, the Macoutes would let us through, it was already clear that this was to be a day of violence in the North. But our Haitian was not about to give up the chance to get to his home town and the rest of us reluctantly went along. After a few minutes on the road to the barricade, cars with reporters and photographers came speeding toward us and warned that the Macoutes were in a state of frenzy and that we ought not even think of getting

through. We quickly turned around and dropped off our armed man at his station, where we were greeted by angry shouts from the chief, who told us to stop meddling and to get the hell out of there. We needed no further urging and hied back to Port-au-Prince.

We brought news of the barricade and the shooting in the North to the capital, which had been quiet all day. The role of the army was not yet clear. Some observers were confident that the army would remove the barricade during the night and that an election, however flawed, would take place. It was decided that we would try again the next morning to get through to the North.

We underestimated the grim determination of the regime. Their strategy seemed to have been to knock out the North on Friday night and Saturday and then to launch the major attack on Port-au-Prince on Saturday night and Sunday, election day. The wave of terror in Port-au-Prince began Saturday night. The noise of gunfire and exploding grenades was heard through the night, and the next morning smoke could be seen rising from houses set on fire.

At 6:30 a.m. election day, the observers in our hotel made their way in a caravan of three cars to the press center downtown. It was immediately clear that the worst had happened. The Macoutes had set up barricades on the roads leading out of the city. Nobody was going anywhere. Early that morning the principal antenna of Radio Soleil had been knocked out, silencing the most important source of news. The offices of the Federation of Union Workers (FOS) had been set on fire and partially destroyed. A local election bureau near the press center downtown was burned to the ground. People were shot at as they stood waiting to vote at the polls. In some places, they regrouped in order to vote after the shooting cars had taken off. The slaughter of the innocents reached its horrific climax when at least fourteen people were shot and hacked by machetes at the Argentine School. The CEP called off the election at 9 a.m. At least thirty-four people were killed that weekend.

The city of Port-au-Prince became a no-man's land. A free-lance photographer who had imprudently ventured out alone was stopped by four men in a car and forced to kneel on the ground with his arms behind his back as they put a gun to his head. After a conversation among themselves, they took his camera equipment, put him back in the car, and began to shoot at him through the window as he drove away. When I saw him at the hotel a couple of hours later, he was still quivering with fear.

Veteran reporters and photographers said Port-au-Prince was worse than Vietnam or Beirut. There, the

Reports from Abroad

risk of getting hit or killed was the price you paid for getting your story, a risk controllable by prudence, alertness, and experience. Here the PRESSE and OBSERVATEUR badges had become targets rather than safeguards. Any semblance of law had disappeared. Gangs roamed the streets, killing at will, ignored or abetted by the very forces of law and order that should have controlled them. It was clear to all of us that the regime was complicit in the terror. One group of observers who ventured out witnessed government soldiers standing by while gangs shot up a polling place. Two reporters were chased and shot at by uniformed soldiers as they went to look at the scene at the Argentine School. They escaped by scaling a wall and hiding out for three hours in a Haitian home to which they had fled. A Dominican reporter was shot dead at close range and two ABC television cameramen were badly wounded. Nobody was safe from the thugs or the army; we had all become Haitians.

As reporters and photographers returned from the war zone, telling their tales of horror, they were greeted in front of the hotel by swarms of TV cameramen, reporters, and observers. Throughout the morning, Macoutes passed by in cars shooting off their guns within a block or so of the hotel. A number of times that morning we all dived for the floor or behind columns or cars as the pop-pop of guns was heard. No one was hit and it was believed that they were shooting in the air to inject a little fear into us. If that was the idea, it certainly worked.

Tuesday morning two vans from the U.S. embassy came to convoy us to the airport. Tap-taps were running. People were on the street. Shops were open and traffic was moving. Everything looked

normal. But the city was wrapped in a blanket of fear, a fear of the terror of counterrevolution. The Namphy regime had carried out a preemptive strike against a democratic transition of power. For months there had been an odd form of dual power in which the regime had *de facto* control through the army and the disbanded but not disarmed Ton Ton Macoutes while the democratic opposition, through the independent CEP, had constitutional power over the election and the future. In a variation on Bertolt Brecht's famous quip, the regime had lost confidence in the people and it had become necessary to exterminate them.

But the horrors in Haiti did not faze our Assistant Secretary of State for Inter-American affairs, the implacable, unflappable Elliott Abrams, who was quoted in the *New York Times* (December 1, 1987):

I wouldn't say it took us by surprise. We were always aware of the dangers and never thought the election was a sure thing. It looked as if things were very much on track, but the Government clearly decided to handle it in a way that turned out to be inadequate. I don't think our policy backfired at all.

Once again our assistant secretary was extenuating the atrocities of an authoritarian regime. For there was nothing "inadequate" about the government's "way" of handling the election. Its method was more than adequate to its purpose, which was to prevent democratically elected representatives of the people from taking over the government. That a peaceful election could have been held was demonstrated by the later, rigged election of January 17, in which not a shot was fired. Here, the regime's problem was not to massacre the people who wanted to vote against it but to corral the people to vote for

To Our Contributors:

A few suggestions:

(1) Be sure to keep a copy of your ms—the mails aren't always reliable. And please remember that we can't return articles unless they're accompanied by a stamped, self-addressed envelope.

(2) Please don't write to ask whether we're interested in such and such an article—it makes for useless correspondence. Look at our last few issues to see if your idea fits in. Or take a chance and send us your article.

(3) Type your ms *double-spaced*, with *wide* margins. Check all your figures, dates, names, etc.—they're the author's responsibility. No dot matrix submissions, *please*.

(4) Notes and footnotes should also be typed double-spaced, on a *separate* sheet. As we're not an academic journal, we prefer that they, wherever possible, be dropped altogether or worked into the text.

(5) We're usually quick in giving editorial decisions. If there's a delay, it's because a few editors are reading your article.

(6) Please bear with us—we have accumulated quite a backlog of material, and you may have to wait for a few issues before you see your article in print.

THE EDITORS □

it. With about 10 percent of the electorate casting open ballots under the eyes of armed soldiers for candidates picked by the regime, this travesty of an election may yet provide the veneer of democracy to restore the junta to the good graces of the United States.

But Elliott Abrams is right about one thing and credit should be given where it is due. His policy had not "backfired." A policy that had taken no action in the preelection months of sabotage and killings had sent a clear message to Namphy. The United States might deplore, but it would not act.

United States policy got the election it deserved, one in which bullets, not ballots, determined the outcome and in which the count was not of votes but of corpses.

For a flickering, joyous moment the people of Haiti had come to the edge of genuine democratic change, only to be hurled back savagely by a corrupt military dictatorship, worthy successor of the hated Duvalier regime. It was the bad luck of the Haitians that General Namphy had not proclaimed himself a Marxist-Leninist. Then maybe more attention would have been paid. □

Desmond Morton

LEVELING CANADA'S PLAYING FIELD

Like Americans, Canadians will be going to the polls later this year. When they do, chances are that the biggest issue on their minds will be a treaty with the U.S. that most Americans have never heard of. Maybe they should.

On January 2, 1988, President Reagan scribbled his signature on a twelve-hundred-page trade agreement that, in his usual style, he proclaimed to be "good for Canada and good for the United States." Meanwhile, in Ottawa, Canada's Conservative prime minister assured his fellow Canadians that this was a great historic occasion.

For Canadians, it certainly was. The Canada-U.S. Trade Agreement of 1988 represents the most drastic surrender of Canada's economic sovereignty to a foreign power since Confederation in 1867. If the U.S. Senate ratifies the deal, Americans, who already own about half of Canada's major industries, will be free to buy the rest. U.S. banks and financial institutions, so far limited by Canadian law in the Canadian market, will be free to move north. So will U.S. service industries. Canada's hospitals, universities, and other public institutions, almost exclusively nonprofit and publicly financed, will face competition from U.S.-based private-sector counterparts.

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If the trade deal goes through, Canadians lose control over their resources, including oil and natural gas—no small matter in a large, cold country. Tariff and other trade barriers between the two countries will vanish, wiping out hundreds of thousands of Canadian jobs in service and manufacturing industries. U.S. food processors, for example, have declared that they could fill the Canadian market by running an extra shift or two at their nearest U.S. plants and closing down their Canadian subsidiaries. U.S. financial service giants will no longer have to set up operations in Toronto or Calgary to get Canadian business. They can add some clerks in Hartford or Chicago.

It's not hard to see why Reagan would sign the deal. The agreement guts the 1965 U.S.-Canada Auto Pact by wiping out its enforcement mechanism. It leaves Congress as free as ever to slap future duties on imports from Canada, though the process would have to pass through an innocuous hoop. If American voters ever took any interest in Canada, Republicans could campaign on the trade deal as an even sweeter triumph of Reagan diplomacy than the arms limitation treaty with Gorbachev.

A more fascinating story is why Canada's government not only signed a seemingly disastrous

agreement but insisted on it, against the advice of its top negotiator, and why Brian Mulroney and his Conservatives have solid backing for the deal from seven of ten provincial governments, most Canadian newspapers, virtually every Canadian business organization and half the Canadian electorate.

What is at stake in the trade debate in Canada is not jobs, tariffs, or countervailing duties; it is whether a Conservative government and its business allies can use a comprehensive trade deal to flatten out the differences between a free-enterprise, market-driven United States and the social democracy Canadians have quietly built for themselves over the past forty years.

Politically, the neatest part of the current trade deal is what some commentators have called its "second shoe." U.S. and Canadian negotiators will have up to seven years to decide what constitutes an "unfair subsidy." As compiled by American Reagan-aunts, those bumps on the "level playing field" they want between Canada and the U.S. include just about every universal social-insurance program Canadians have developed, from government-run universal health insurance to an unemployment insurance program that ranges from maternity benefits to relocation grants. As an American trade negotiator told a Canadian counterpart, "Just about everything your government does up there stinks of socialism."

Until the "second shoe" drops, Canadian Conservatives can reassure Canadians that their cherished social programs are safe. Five to seven years down the road, when Canada is fully locked into a continental economic system, Americans will have the whip hand in deciding just how much "socialism" they will tolerate north of the border. Canadian right-wingers could hardly believe how wonderful it will be.

Americans with good memories may recall a Reagan pledge in 1980 to create a North American free-trade area to match the European Common Market. Like a lot of campaign talk, it faded fast. In Canada, it flew like a lead balloon. That year, Prime Minister Pierre-Elliott Trudeau's Liberals had been reelected with a mandate to make Canada energy self-sufficient and to tighten up on foreign investors so that they would help Canada as well as themselves. That kind of talk kept the Liberals ahead of the New Democrats (NDP), Canada's social democratic party. The NDP's leader, Ed Broadbent, had an even tougher program for liberating Canada from U.S. corporate domination.

Nor did free trade seem appealing to Trudeau's

right-wing opponents, the Conservatives. When he won the Conservative leadership in 1983, with strong right-wing backing, Brian Mulroney dismissed free trade with the U.S. as an idea that had been rejected back in 1911. A year later, on his way to a sweeping election victory, Mulroney dismissed any such deal as a partnership of an elephant and a mule.

If Mulroney was not for free trade, he was certainly for the United States. In the campaign he blamed Trudeau's antipathy to Reagan for U.S. failure to act on Canadian concerns ranging from acid rain to Arctic sovereignty. Once in office with a huge parliamentary majority, he promised the *Wall Street Journal* that "good relations, super relations, with the United States will be the cornerstone of our foreign policy."

Mulroney's credentials as a 100 percent pro-American were open for display. His family owed its livelihood to the American corporation that built his hometown of Baie Comeau. His happiest childhood memory was being summoned to sing Irish ditties for Colonel McCormick whenever the *Chicago Tribune* proprietor visited his corporate colony. After years as a lawyer representing companies in labor disputes, Mulroney's last job before entering politics in 1983 was with the Hanna Corporation of Cleveland. His special task was putting its Canadian iron ore subsidiary out of business.

Mulroney's Conservative party was once the political core of Canadian anti-Americanism. It created Canada's tariff wall in 1879 to please its business backers. Mulroney cited 1911 because that was the year Conservatives routed a Liberal government for daring to negotiate free trade with President William Howard Taft. The Tory slogan that year was "No truck nor trade with the Yankees."

Time and the Tories have changed. Canada, under Liberals and Conservatives, had more and more truck and trade with the Yankees. By the 1920s, Americans owned more of Canada than the British. By the 1960s, they owned more of it than Canadians. In the 1970s, Trudeau's Liberals occasionally tried to shift Canada's dependence on trade with the U.S. Short of socialist-style controls—which most Liberals shunned—they could do nothing. By the 1980s, 80 percent of Canada's merchandise trade was with the United States—currently more than \$200 billion a year, with a modest surplus for Canada, enormously offset by an outflow of capital in dividends, royalties, and fees to American head offices.

Dependence on a single partner for their prosperity began to terrify Canadians as America grew more protectionist. The money that lets British Columbia loggers and Ontario auto workers share an American life-style comes from foreign trade. Twenty-five million Canadians know that jobs and prospects depend on decisions made in a pressure-sensitive Washington. When U.S. business lobbies label Canadian competition as unfair, their evidence has often included government-financed unemployment benefits or Ottawa's job-creation programs in depressed regions. Saskatchewan's Potash Corporation, nationalized years ago by an NDP government, seemed an "unfair" competitor to free-enterprisers from Nevada.

Until the 1980s, Canada's Tories could share credit, in their brief periods of power, for many of the programs U.S. right-wingers deplored. Conservatives were the people who gave Canada a nationalized railway, state-owned broadcasting, and the first big regional development programs. A Conservative devised Canada's labor relations system—one reason why 38 percent of Canadians, compared to 18 percent of Americans, belong to unions.

Some Tories are still a trifle pink but not many. The Reagan Revolution, with help from Britain's Margaret Thatcher, told Canada's right-wingers to stand up for their rights. In western Canada, polarized between left and right, years of battling the New Democrats made Conservatives eager for the ideological hard line they could import, along with oil company executives and gospel preachers, from the U.S. ultraright. In Quebec, all that remains of the left-wing nationalism of the 1970s is a language law that transferred power to French-speaking business executives, as right-wing, orthodox, and greedy as their counterparts anywhere. Mulroney's Conservative party in 1984 was no longer traditional Tory but a Canadian clone of the Republicans.

Most Canadians, like most Americans, are not right-wing Republicans. If Mulroney had campaigned on down-sizing government, privatizing government-owned businesses, and turning universal social programs into charity for the needy, he would have been beaten. Instead, he claimed that the social programs were "a sacred trust," promised "jobs, jobs, jobs," and pledged to end regional bickering. Fed up with the Liberals, fearful of the NDP, it was all 50 percent of Canadians wanted to hear. Mulroney got 211 of 282 seats, an almost unprecedented majority.

That kind of majority leads to inertia. Action makes enemies. After a generation out of power, Mulroney and his party wanted to enjoy their spoils.

Postrecession recovery, all by itself, created enough jobs to cut unemployment by a few points. The Conservatives got into real trouble only when they cut social spending—beginning, unwisely, with the elderly. Then it turned out that Mulroney, who had won election points by denouncing political patronage, was a devotee of rewarding cronies and a poor liar when caught in the act. Someone gave him the label "Lyin' Brian," and it stuck. A fair number of his ministers turned out to be bumblers. Opinion polls turned sour. The Conservative victory looked like a one-term wonder.

Enter free trade, from an unexpected corner. Trudeau had always found economics boring. To avoid talking about it, he appointed a would-be successor, Donald S. MacDonald, to devise an economic strategy for Canada. MacDonald and his commission held hearings, toured the world, and gave employment to scores of academic economists who, true to their orthodoxy, proclaimed that Canada's salvation lay in a common market with the United States. Though MacDonald termed it "a leap of faith," he had no better idea. In 1985, reporting to Mulroney, MacDonald urged a comprehensive free-trade deal with Washington backed by a binding disputes-settlement arrangement that would safeguard Canadians from U.S. lobbies.

Mulroney's advisers were delighted. Anything to distract voters from Mulroney's tricky image. The Reagan White House was willing to go along. In Ottawa, Canada's biggest corporate lobby, the Business Council on National Issues, was instantly on board. Its mixture of banks and multinationals found protectionism tiresome. Simon Reisman, the bad-tempered diplomat who had negotiated the 1965 Auto Pact, was summoned from retirement by a handsome per diem and paired up with a seemingly callow U.S. negotiator, Peter Murphy. It would be no contest. Canada, Reisman promised, would get a great deal, complete with a tamper-proof disputes-settlement mechanism that would make Canadians rich for a hundred years.

Reisman shouted, swore, hammered the table. Murphy smiled. His sources told him that Mulroney wanted a deal at any price. At the end of September 1987, only days before the deadline set for fast-track approval by the U.S. Senate, Reisman walked out. No deal. No disputes-settlement mechanism. Within hours, Mulroney had phoned Reagan, cornered U.S. Treasury Secretary James Baker, and shipped his own trade and finance ministers to Washington. At midnight, October 4, there was no binding disputes-

settlement mechanism or much else but there was a deal.

Virtually everything Canada wanted from the agreement is missing. Canada loses jobs, sovereignty, and the right to protect her energy reserves against future world crises or cartels. Every public policy that might affect trade or an American economic interest in Canada, with the exception of "cultural industries" and the brewing business, will be open to American scrutiny and potential veto in the name of the "level playing field."

So why do Mulroney and the Conservatives feel like winners? Why would half of Canada go along? There are some simple answers. Like "free gifts" and a free lunch, free trade sounds good. Regions with resources to sell—Quebec with hydroelectricity, Atlantic Canada's fish and potatoes, Alberta's oil and gas, British Columbia's lumber—are terrified of U.S. protectionism. Developing resource wealth into secondary industries would make long-term sense, but in contemporary Canada that kind of thinking is limited to New Democrats and the odd Liberal. Conservatives believe that Canadians can be sold on cheaper cars and blue jeans or the dream of selling widgets from Winnipeg to NASA or the U.S. Air Force.

Conservatives and their business allies have a more private and much more important reason for taking the trade deal at any price: the specter of socialism.

For eight months during 1987, a federal election would have given a clear majority to the New Democratic party. Through the spring, summer, and fall, polling organizations found the NDP ahead of the Liberals and far ahead of Mulroney's Conservatives. In August, voters in Newfoundland, the

Yukon, and the Ontario industrial city of Hamilton gave the NDP a clean sweep in parliamentary by-elections.

Not since 1968 had the NDP support in polls outrun its two rivals; never had it reached as high as 40 percent. Experts differed on the reasons. No one argued that Canadians were in a revolutionary mood. Paradoxically, what Canadians liked most about the NDP was its role as defender of social programs and the humane values that in their eyes, distinguished Canada from the United States.

As in the United States and Britain, the right-wingers see themselves as revolutionaries, imposing market discipline on people silly or evil enough to think that workers have earned a right to their jobs and to a secure old age, that medical care and drugs should go to the sick, not the wealthy, or that the building industry should build homes, not tax shelters.

With all the power of their wealth and most of Canada's privately owned media behind them, the Conservatives and their business allies still don't believe that they can win majority support for their ideology. That's why the trade deal with Washington mattered so much. What Canada's right-wingers can't do, economic pressure from the U.S. over the next generation may accomplish.

Hugh Segal, a top Mulroney strategist, gave a polite version of the argument in the *Toronto Globe and Mail*: "Free traders, conservatives, proponents of a market-driven shift in balance, see a Canada where the role of government is offset by international economic realities that force a competitive framework upon all enterprises in this country." Don Blenkarn, a Conservative MP, put the argument in a simpler way: "When this deal goes through, you socialists are fucked! Isn't that great?" □

The Changing Faces of Poverty

Who are the poor? The facts would shock most Americans.

● *The working poor are a significant and rising proportion of the poor.* In 1986, 41.5 percent of all poor people over the age of fourteen worked. This is equal to the highest percentage of poor who worked since 1968.

● *In recent years, the fastest growing group among the poor has been the working poor, not the welfare poor, whose ranks have remained level in the period.* In 1979, 6.5 million working people fell below the poverty line. By 1983, that number had risen to 9.4 million. In 1986, after four consecutive years of economic recovery, the number of working poor had fallen only slightly, to 8.9 million.

● *Most of the poor people in the United States do not receive welfare payments.* Only one-third of the 32.4 million poor people in this country receive Aid to Families with Dependent Children (AFDC), the principal public assistance program for poor families with children that is commonly known as "welfare."

● *Children constitute the poorest age group in the United States.* In 1986, 20.5 percent of all children lived below the poverty line. 22.1 percent of all children under the age of six were poor.

● *Children of color bear a disproportionate share of the poverty burden.* The poverty rate for black children under eighteen years of age in 1986 was 43.1 percent, more than three times the rate for all Americans (13.6 percent). For Hispanic children, the poverty rate was 37.7 percent in 1986.

● *Most of the poor in the United States are white.* In 1986, whites represented 69 percent of the poor; blacks represented 28 percent; and other races represented 3 percent.

● *People of color of all ages are disproportionately poor.* The 1986 poverty rate for white Americans was 11.0 percent, the poverty rate for blacks 31.1 percent, and for Hispanics, 27.3 percent.

● *Farmers have a higher poverty rate than the rest of the country.* The poverty rate on the farm in 1986 was 19.6 percent as compared to 13.4 percent in nonfarm America. These figures represent only a slight improvement over the 1985 figures of 20.3 percent and 13.8 percent, respectively.

● *Many poor families do not have health care coverage.* In 1986, nearly one-third of poor families did not receive any medical benefits from the U.S. government. Medicaid, the health insurance program for the poor, covers 42 percent of poor families.

● *Most of today's homeless people are not deinstitutionalized mental patients.* Over two-thirds of the homeless are not suffering from severe mental and emotional problems. In 1986, 28 percent of the homeless population were families with children.

● *Many Americans are going hungry.* In 1985, according to the Physicians' Task Force on Hunger, about 20 million people in the United States, including 12 million children, went hungry at some point each month.

● *The number of poor people in the United States is higher now than in any year in the 1970s.* In 1986, 32.4 million people lived below the poverty line as compared to 24.7 million people in 1977.

● *Poor people are getting poorer.* The poverty gap (the amount by which the incomes of the poor fall below the poverty line) rose to \$49.2 billion in 1986. This is up from \$39.5 billion in 1980 and from \$32.1 billion in 1977. (Figures adjusted for inflation represent purchasing power in 1986 dollars.)

● *The "poorest of the poor" group is growing.* In 1986, the proportion of the poor who fell into the "poorest of the poor" category (those with incomes below half the poverty line) reached its highest level, 39.2 percent, in more than a decade.

● *The gap between poor and rich American families is widening.* In 1986, the poorest fifth of all U.S. families received 4.6 percent of the total national family income, the lowest percentage since 1954. At the same time, the wealthiest fifth received 43.7 percent of the total, the highest percentage ever recorded, and the top 5 percent received 16.7 percent, more than the total income share of the bottom two-fifths of the population combined.

● *The middle class is receiving a smaller share of the national income.* In 1986, the middle fifth of all U.S. families received only 16.8 percent of the total national family income, the lowest share recorded for this group since 1947.

From *Who Are the Poor?*, by Michael Harrington
Published by "Justice for All"

Jonathan Frankel

THE PALESTINIAN REVOLT— AND THE ISRAELI RESPONSE

A Report from Jerusalem

On Wednesday, January 20, the Peace Now movement held a meeting to protest the Israeli government's handling of the Arab uprising on the West Bank and in the Gaza Strip. It was a wet, cold Jerusalem night, and the mood of the few hundred people crowded inside the hall (normally used for weddings) was tense, somber.

As the revolt had mounted from late in December, close to thirty Arabs had been shot dead in clashes with the troops and hundreds of others had received bullet wounds. Now, to try to cut down on the fatality rate, a new strategy of massed baton charges had just been introduced by the army. The speakers of the evening were all high-ranking reserve officers who one after the other condemned both the prime minister, Yitzhak Shamir, for having consistently, over a period of years, sabotaged every diplomatic peace initiative and also the defense minister, Yitzhak Rabin, for his determination to break the resistance in ways both fast and furious or (in his own words) by "force, might, and beatings."

Mordechai Bar-On recalled how, as the army's chief education officer in the 1960s, he had been encouraged by the then chief of staff, Yitzhak Rabin, to issue a leaflet to the troops explaining the significance of the landmark Kfar Kassem trial. The judges in that case had ruled that soldiers were duty-bound to disobey "patently illegal" orders. And now, some twenty years later, it was Rabin himself who was responsible for policies that were "brutalizing" the army.

The truth of this bitter evaluation was driven home by Ran Cohen, commander of a reserve armored regiment and a Knesset member for the Civil Rights party, who described anguished phone calls from soldiers stationed in the Gaza Strip. The policy of beatings, it seemed, was being interpreted by many of the troops as permitting almost indiscriminate—and patently illegal—violence. Among the hundreds of Arabs hospitalized with broken arms and legs were many who had been beaten up after arrest and some who had simply been minding their own business until caught in the widening net of military brutality. Whether the license for these actions was implicit or explicit—or simply a mixture of winks and turning a blind eye—the upper echelons of the army and, above all, the minister of defense were clearly responsible for what was being done.

In the hall, the atmosphere of dismay was deepening into depression when, toward the end of a long evening, Meir Pail stood up to speak. Pail, a battle-hardened veteran, a military historian by profession (and, like Bar-On, a one-time Knesset member) is a bearlike figure of a man, but with something of teddy-bear whimsicality about him, and he chose to leaven the heavy seriousness of the evening with some sharply ironic comments. He was not going to concentrate on the truncheons; after all, armies are built to be instruments of mass destruction, and it really is preferable to beat people up than to shoot them dead.

The basic issue was not the army but the

politicians. Israeli politics for the last twenty years had become the politics of the *shtetl*—not just of any *shtetl* but specifically of Chelm, the legendary Jewish town of fools.

Menachem Begin, Pail reminded us, had sworn that when his time came to retire he would make his home in one of the Israeli settlements in Sinai; and this was the man who then proceeded to engineer the total withdrawal from Sinai not only of the army but of every last settler—after which Begin retired, incarcerated in a quiet Jerusalem apartment from which he emerges only once a year.

Shimon Peres, who today talks passionately of the desperate need for Arab-Israeli peace, gave crucial support not so long ago, when minister of defense in the mid-1970s, to the ultranationalist Gush Emunim organization as it forced the hand of a reluctant Labor-led government into permitting Jewish settlement in the heartlands of the West Bank. Ofra and Kedumin, jewels in the crown of the Gush, owe their existence to Peres—the man whom its members now regard as enemy number one.

And the prime minister at the time, whom Peres then systematically undercut, was none other than Yitzhak Rabin, whose “iron-fist” policies now win unadulterated praise from the Gush. How much connection is there between what our leaders say, what they mean, and what they do? Is this not Chelm?

Despite themselves, the people crowded into the wedding hall found themselves laughing. Pail’s short speech relieved a tension that had become almost intolerable. The Peace Now leaders could leave in the knowledge that many of those present had volunteered to help in organizing the mass demonstration that was to be held a few days later in Tel Aviv. (And, as it turned out, many tens of thousands of people—up to eighty thousand, according to some estimates—came to the march and the rally on Saturday night.)

A sense of the ironic is not merely a valuable psychological defense mechanism at a time of unusually severe social stress. Without it, Israeli politics can hardly be understood at all. Paradox, and hence paradoxical potentialities, characterize the entire system.

The fact is that political life in this country presents unusual juxtapositions of extreme idealism and pure opportunism, fanaticism and cynicism. Interwoven into the one multicolored fabric are strands drawn from very different traditions—the highly *engagé* and ideological politics of the pioneer and underground movements in Eastern Europe; the Tammany-type politics of the party machines built up to regiment the massive immigration of forty and fifty years ago; the managerial politics of the new Israeli-born elites; and the populist and demagogic politics of recent election campaigns.

Over the last twenty years, this complex mix has normally served to perpetuate the status quo or, more exactly, the policies of “creeping annexation.” Both the major parties, the Likud and Labor, drew in 1967 on ideological articles of faith predating World War II to develop rigid strategies toward the West Bank and the Gaza Strip—in the one case, “Greater Israel” and, in the other, the Allon Plan.*

During the long periods of inertia that characterized most of the post-1967 era, the pragmatists, the opportunists, and the populist-led rank and file have all combined to reinforce the supremacy of party doctrine. But an orthodoxy that rests on such a motley of varied interests cannot provide much of a bulwark against sudden heresy at the top—so long, of course, as the party leadership remains more or less united. Hence, the extraordinary reversals of Begin and Peres resulted in amazingly little intraparty strife and few defections.

Whether the current Arab uprising will result in yet another dramatic political change, it is still too early to say. But events have taken on a new kaleidoscopic character; and the unexpected is, for the moment, the norm.

The supreme irony, of course, is the fact that a few dozen stone-throwing youths who sparked the uprising on December 9 have produced a challenge to Israeli rule over the West Bank and Gaza far more profound than anything achieved over the last twenty years by

* A proposal by the late Yigal Allon, a Labor party leader, according to which Israel would cede significant portions of the West Bank while retaining a military line, with settlements, along the Jordan River and certain other areas of the West Bank.—Eds.

The Palestinian Revolt

the Palestine Liberation Organization, the Arab states, and the Soviet Union combined. A leading Israeli columnist, A. Schweizer, writing in the newspaper *Ha'aretz* on February 1, chose to describe what had happened in Gaza in early December as comparable (albeit in miniature) to the spontaneous riots of hungry women and workers in Petrograd that set in motion the 1917 revolution.

Hitherto, the Arabs have fought with weapons so convenient to Israel that it is almost as though they were of her choosing. In the full-scale wars since 1967 the technological and organizational superiority of Israel's armed forces more than made up for her inferiority in men and matériel.

And the terror campaigns waged by various Palestinian organizations have proved to be not just ineffective but actually counterproductive. The cells run by those organizations in the Occupied Territories have been highly vulnerable to Israeli security forces; their policy of ruthless attacks on civilian targets at home and abroad has evoked associations with the Holocaust, redoubled intransigence in Israel, and made them subjects of contempt throughout the civilized world; while their bombastic rhetoric served to pacify the great mass of Arabs on the West Bank and Gaza, lulled into inertia by expectations of liberation from without.

All this amounted to weakness masquerading as strength; but what we have been witnessing since December 1987 is *a remarkable display of strength derived from the mass mobilization of weakness*.

By attacking the Israeli soldiers head on—not with guns but with stones, not at one place but simultaneously at dozens of different spots, not in small groups but in large crowds—the Arabs have been able to neutralize the strength of the occupying power. At every stage over a period of months, they have been able to outlast the army, forcing it into repeated changes of tactics.

The story is now familiar enough but still merits retelling. In the early weeks of the uprising, the overall Israeli policy was to keep the roads open while avoiding major confrontations within the refugee camps. As a result, the camps, far from returning to calm, became organized centers of insurrection, and, in

response, the army decided to reimpose its authority even if some shooting would necessarily be involved. But the subsequent daily count of dead and wounded produced an intolerable uproar throughout the western world and actually stoked the fires of Arab resistance.

A new set of tactics then followed: There were to be mass arrests of those “inciting” the “disturbances”; the ringleaders were to be expelled from the country; and truncheons were to be employed instead of guns. Hundreds, thousands, were arrested; but the policy of expulsions, in probable contradiction to international law, was frustrated by energetic American diplomatic pressure; and the policy of breaking arms and legs again produced bitter dissension and unprecedented condemnation, both domestic and foreign.

The emphasis shifted once again, now toward collective punishment in the form of all-encompassing curfews, which at times meant incarcerating hundreds of thousands of people in their homes for many days. And, despite everything, the Palestinian death toll kept rising (up to eighty by the beginning of March).

Hardly less ironic than this humiliation of our children (eighteen-year-old conscripts) with their rifles by their children (many no more than twelve or thirteen) with their stones has been the fact that at every turn the uprising has caught the Israeli authorities hopelessly off balance. Our renowned intelligence services had failed utterly to anticipate any significant rise in unrest in 1987; and once the revolt began it was not diagnosed as such for many weeks. Every new measure, it was confidently predicted by the army command and the minister of defense, would finally do the trick, restore “law and order.” And time and again they found themselves having to eat their words, often within a matter of days.

The only true surprise, of course, is that a great explosion did not occur much earlier. (Yizhar Smilansky, a much respected Israeli writer, entitled one of his columns in the Labor newspaper *Davar* “How Dare They Be Surprised!”) Twenty years ago, shortly after the Six Day War, Yehoshua Arieli, a leading Israeli historian, had argued in an influential

series of articles that a “civil uprising” in the territories would be only a question of time. And he was by no means alone; smoldering volcanoes are liable to erupt. Over the last few years, Mubarak Awad, the founder of the Palestine Center for the Study of Non-Violence, situated in East Jerusalem, has been insisting that sooner or later the Palestinians were bound to change their tactics and start a resistance movement designed to exploit glaringly obvious chinks in the Israeli armor.

As a parliamentary democracy, heavily dependent on the United States (so Awad has repeated constantly), Israel could not permit herself the use of unlimited force to put down passive resistance. All that was needed was for the Arabs to demonstrate, to strike, to boycott, to protest on a massive scale. The television cameras, the press corps, and public opinion in Israel and abroad would prevent the kind of massacre used by Hafez al-Assad, the Syrian dictator, to put down Moslem fundamentalists in Hama in 1982 or by the Red Army in Budapest in 1956.

It is true that the Palestinian uprising has not followed the path advocated by Awad, who takes Mahatma Gandhi and Martin Luther King as his models. Throwing stones—not to talk of petrol bombs—is hardly nonviolence. But there seems to be no doubt that despite the highly spontaneous and even anarchic nature of the revolt, the decision to refrain from the use of firearms (and there is no lack of such weapons in Palestinian hands) has been quite deliberate. The PLO has repeatedly warned its followers on no account to start shooting. Yitzhak Rabin himself (quoted in *Ha'aretz* of February 5) admitted that this was a policy of “collective perspicacity” on the part of the Palestinians. However astonishing it may seem, not one Israeli, either soldier or civilian, was killed during the early months of the uprising (although a number were seriously wounded).

The Arab rebellion has made extraordinarily effective use of the media. Even in normal times, Israel has a large foreign press corps in residence; and now many more hundreds of special correspondents poured in. They found themselves warmly welcomed by the Palestinians throughout the territories and offered every possible facility.

Driving through the streets of Jerusalem these days, one sees many cars with large signs in their windows that read “TV.” These letters, familiar even to the children of the West Bank and Gaza, grant the correspondents immunity from the flying stones and safe passage past the hastily improvised barricades of rocks and burning tires or barrels of tar. The crisis has also spawned a new type of professional guide. English-speaking Palestinians, whose cars carry the blue number-plate of the territories (as against the yellow Israeli plates), not only ferry visiting journalists back and forth in safety from the refugee camps and other rebel centers but also arrange contacts with local leaders.

In the public relations battle, Israel has clearly gone down to a humiliating defeat. It is as though, after twenty years of intimate contact with a parliamentary democracy, the young Palestinians have somehow grasped the fact that there are enormous gains to be made by seizing the role of the underdog and not letting go. And, conversely, it is as though after twenty years of running a regime of occupation, the Israeli establishment is incapable of acting any part but that of a lumbering Goliath.

The failure to predict the uprising and the clumsy response it evoked are painfully reminiscent of the European colonial regimes during the twilight of empire. Of course, the West Bank and Gaza are minuscule areas, but by Israeli standards, their population of some one and a half million, all under military rule, is very large.

In order to keep the potentially enormous resistance to a minimum, the Israeli administration since 1967 has employed all the classical techniques of imperial control: divide and rule, stick and carrot, manipulation in every shape and form. Over a generation, such a system inevitably attracts mediocrity and encourages arrogance, contempt for the subject population, gross insensitivity. The angle of vision becomes ever narrower until all that the security forces are capable of seeing are terrorists and ringleaders. The simmering popular resentment is taken for granted, a permanent fact of life, and so of no operational significance.

Once the uprising began, a flexible response was rendered improbable not only because of

the constant flow of faulty intelligence reports, but also because the so-called National Unity Government is totally divided when it comes to the long-term future of the territories. Given the fundamental division between the annexationist Likud and the anti-annexationist Labor parties, the only policy that could command general ministerial support was to avoid all mention of political issues and put down the "disturbances" by strictly military means.

With elections scheduled before the end of this year, Rabin no doubt felt that a dramatic show of "force, might, and beatings" would not only put a quick stop to the riots but also prevent an erosion of—or even enhance—Labor's electoral support. Such calculations are cause for speculation (elections may not come until November); but the victory of the Palestinians in the media war, guaranteed by the public display of the "iron fist," is simply a fact.

There is no question that the uprising has induced a sense of deep shock in the Israeli public at large. Disorientation and anxiety are probably more widespread than during the Lebanese war, which for many months at least was seen by most Israelis as a success story.

What is causing widespread distress is not primarily the moral issue. A poll published late in January reported that only 7 percent of Israeli Jews regarded the handling of the riots as "too harsh," as against 40 percent who considered them "too lenient," and 46 percent who felt them to be "about right."

Nor is the economic question making a decisive impact on the popular psyche. This is partly because there is a concerted effort on the part of the powers-that-be not to discuss publicly the extent of the economic damage. The decision of the European Parliament in February to defer ratification of a major trade agreement with Israel has, for example, been passed over almost without comment. Reports of large-scale cancellations by tour groups originate more in rumor than from official sources. And a glimpse into the crisis in the citrus industry is vouchsafed only when the newspapers report that the general secretary of the Histadrut, Israel Kesar, and many of his

colleagues are spending three days picking oranges.

Beyond this is the fact that the Palestinians themselves have been reluctant to maintain a full-scale general strike. In "normal" times, at least one hundred thousand workers from the Occupied Territories come every day to work inside Israel. Since the uprising, the numbers have fallen sharply and there has been much talk of an all-out stoppage; but in reality it has not taken place. This self-limitation has made it materially possible for the Palestinians to sustain the uprising for many months; it has also softened the blow to the Israeli economy.

The primary cause of worry is a spreading sense of insecurity. On the one hand, the uprising has to a significant extent, and de facto, restored the "green line," or pre-1967 borders. True, the perhaps sixty thousand Jewish settlers who live in new towns and villages on the West Bank and in the Gaza Strip maintain a show of normality, although it is not easy; even those settlers who used to travel unarmed now tend to carry guns. But the average Israeli living within the old borders now thinks many times before picking a route that crosses the territories. Even East Jerusalem, the Arab sector of the city officially annexed to Israel by Menachem Begin, has for the first time become the scene of major riots (although so far unaccompanied by loss of life). Teddy Kollek, the proverbially optimistic mayor of Jerusalem, on one occasion let slip the remark that "coexistence is at an end."

Still more disturbing, there are clear signs that it may not be possible to quarantine the over six hundred thousand Arabs living within pre-1967 Israel from the epidemic of unrest in the territories. The general strike called by the Israeli-Arab leadership in January—"Peace Day," it was termed—for the most part passed off as planned, quietly. But there were cases of rioting, and the major road running from the coast to the Jezreel Valley via Wadi Ara was actually blocked for a few hours by hundreds of Arab villagers. Nothing like it has occurred since the establishment of the state forty years ago.

If there were an end in sight, all these developments could be shrugged off as a passing inconvenience. By now, though, it is

beginning to dawn on people that a return to the *status quo ante* is highly improbable. As the shootings, beatings, general curfews, and mass arrests become institutionalized, they are bound to act as a boomerang. The furious hatred such measures inspire must surely redouble Arab determination to persevere and to broaden their basis of support until it encompasses, in one way or the other, the entire population of the territories.

By all accounts, the Palestinians are well aware that they have won the first rounds in this new phase of the struggle and have even forced the Reagan administration to move the Arab-Israeli conflict to a place near the top of its diplomatic agenda. The Palestinians can hardly turn back now. Doubtless, we will witness periods of relative quiet, if only because sheer exhaustion must take its toll, but in all probability they will be mere lulls in the storm.

The idea that an attempt to wipe away the "green line" and reestablish the borders of British Mandatory Palestine might prove a disaster for the Zionist cause is not new. A group of two hundred Israeli academics (including Jacob Talmon and Gershom Scholem) published a statement a few months after the 1967 war declaring that the annexation of the Occupied Territories was bound to undermine both the democratic and the Jewish nature of the state. The events of recent years—the Lebanese war, the Jewish terrorist underground, the massive coverup and subsequent wholesale presidential pardons in the Shin Beth (General Security Services) scandal, and the rise of the radical right (with Meir Kahane the mere tip of the iceberg)—tend to confirm the first half of this prognosis. The fact (so the demographers tell us) that there are more Arab than Jewish children under the age of five now living within the present borders certainly confirms the second.

Long-term processes of this kind tend to remain mere abstractions for the man-in-the-street until they impinge directly on his day-to-day existence. And it is happening now. The necessity to guard the Jewish settlers on the West Bank and in Gaza and the incipient

unrest of the Arabs inside Israel have brought home as nothing else could that a "Greater Israel" is no guarantee whatever of a quiet life.

For oldtimers especially, the sense of *déjà vu* is unavoidable. Twenty years after, the restoration of the pre-1948 borders is bringing with it pictures increasingly reminiscent of the British Mandatory period. Newspapers carry accounts of the Arab Revolt of 1936–38 (or of "the events" as the revolt is usually called in Hebrew). Some people take comfort in the fact that the revolt finally died down after almost two years; but the Yishuv (Jewish community) could then rely on the British to suppress the uprising; now it is the Jewish state (equipped with draconian emergency ordinances of the Mandatory government) that finds itself saddled with that task.

Even more ironic is the near-panic that greeted the news in February that the PLO was about to send a ship loaded with Palestinian exiles to demand the "right of return" to Israel. This project, it was reported, had been thought out by Arab graduates of Israeli universities now working abroad for the PLO. Certainly the idea of forcing the Israelis into playing the part of the British, thus leaving the role of the Jews in the *Exodus* story for the Palestinians, suggests a good working knowledge of Zionist history. The cumbersome National Unity Government is hard put to cope with an opponent deliberately seeking to appropriate Israel's most powerful national myths.

If, then, as seems highly probable, the unrest in the territories becomes chronic, the impact on Israeli politics will surely be fundamental. The orgy of eating one's cake and having it that has characterized official policy toward the West Bank and Gaza for the last twenty years cannot go on indefinitely. The easy assumption that "time is on our side," which has been used to justify political immobility and has served as the cover for a *de facto* annexation, is already beginning to sound anachronistic.

In these new conditions it is the right-wing Likud that finds itself most exposed. Insisting throughout that the status quo is the best of all available options, the Likud gained the most electorally from the fact that the territories have

served throughout as a captive market for Israeli products and have supplied so abundant a flow of cheap labor, cheap land, and cheap housing.

The Likud is formally committed to three basic propositions: a Jewish state, a democratic state, and permanent Israeli sovereignty over the territories. As the last of these items is manifestly incompatible with the other two, the Likud shuns any public discussion of long-term issues. If pressed, individual leaders, much irritated, come up with contradictory formulae: Moshe Arens talks of giving full citizenship to the Palestinians in the territories; Ariel Sharon of autonomy "in the Jewish sense of the term," meaning limited self-rule without Israeli citizenship; and Michael Dekel, of "transfer."

With the Palestinians in revolt, such systematic evasion ceases to be tenable. Public demand for clearcut answers is bound to grow. And the choice will increasingly narrow down to either the idea of expulsion, driving the Palestinians out, on the one hand or evacuation, leaving the territories, on the other. Polarization will erode the middle ground hitherto occupied by the Likud.

Even before the present Arab uprising there were clear indications that the Likud was losing support to the radical right, to Tehiyah, Tsomet (the new party of Rafael Eitan), and Kach (Kahane's party). A public opinion poll held in December 1987 showed that the radical right has the support of 12 percent of the population, as against 26 percent for the Likud. This trend has been accelerated by the terrible resentment, felt among an increasing number of Israeli Jews, against the Palestinian Arabs. (A recent poll revealed that if an election had been held in January, it would have given the radical right sixteen Knesset seats and the Likud thirty-three.) All the indications are that when Jewish youth become disillusioned with the Likud, they move preponderantly not to Labor but even further to the right. Now that the Palestinian revolt can no longer be lightly dismissed as "disturbances," it is more and more often described in everyday conversation as a "war"—and the logic is unmistakable: "When in war, do as war does."

What this means is that Israel may well find itself after the next election led by a coalition of

the Likud, the religious bloc (which has become increasingly "hawkish"), and the radical right. It was a government of this kind (although with a rather less extreme membership than would be the case today) that gave Sharon the green light to launch the Lebanese war. The polls consistently show the joint strength of these parties as close to 50 percent. An anti-Palestinian backlash could well carry them to the victory that escaped them by a mere hair's breadth in 1984.

Such a government might prefer to avoid war, but it would bring war nearer if only because the extreme right is convinced that the entire Arab world is bent on Israel's destruction, that any concession is a Munich, that it is all or nothing, "them or us." Prophecies of this kind tend to be self-fulfilling. And in wartime the attempt to bring about a mass flight or expulsion of the Palestinian Arab population would be seen as both natural and technically feasible by many government leaders.

It would, of course, be comforting if this scenario could simply be dismissed as an apocalyptic nightmare. But it cannot. Talk of "transfer"—the euphemism for expulsion—has become common not only in the Tehiyah party, for example, but also in the once-moderate National Religious party and in right-wing Likud circles. A recent academic survey reported that 30 percent of young Jewish men here regard the "transfer" of the Arabs out of the territories as the "most desirable" solution.

All this is grist for the mill of Ariel Sharon, who has reestablished himself, since his fall in 1983, as a key contender for the leadership of the Likud, seeking to outflank Yitzhak Shamir from the right. As ever, Sharon still delights in baiting the press, which here, as in many democratic countries, is the object of much popular resentment, even hatred. (His recent outburst against a *Jerusalem Post* reporter says much about this man who conveys, and thrives on, menace: "Do you know when you'll understand the damage you're doing? When you stand on the roof of the U.S. or British Embassy, with a little suitcase, waiting to be evacuated.") However unpredictable Sharon's long-term political behavior, he is at this moment the natural rallying point for all those forces that, consciously or not, assume that

another war is inevitable and that in it lies the solution to Israel's "demographic problem."

Although the road to Armageddon thus runs very straight, the way forward to the evacuation of the territories, even though it, too, has political logic, remains heavily befogged. True, the Labor party, together with its satellites, (Mapam, the Civil Rights party, and a new Center party), may just win the next election. But how would a government based on 51 percent of the Israeli electorate and headed by Rabin and Peres be able to advance the peace process?

Peace with Jordan, with the PLO, or with both would require the return of nearly all the Occupied Territories and a compromise over Jerusalem. Directly after 1967 Labor was strong enough to have pushed through such a deal but did not want to do so; today, I believe, it would like to, but will it dare? Ben-Gurion would not have hesitated to risk possible civil war under such circumstances. Will Peres and Rabin? Almost certainly not.

There would thus appear to be only two different ways in which a peace process could now be set in motion. A narrow Labor-led government could initiate unilateral steps to establish some form of home rule in the West Bank and Gaza. New municipal elections could be held as in 1976 and 1972; and these in turn could lead to the emergence of a *de facto* political leadership in the territories. Since the PLO, and not Jordanian supporters, is expected to win such elections, such moves would in all likelihood constitute a first step toward a Palestinian state in some indefinite future.

The only other way in which a breakthrough toward a settlement is conceivable would be an about-face by the Likud leadership. It is a safe guess that if the Likud remains in a coalition with Labor it will sooner or later have to modify some of its positions—although enormous pressure by the United States would be required to force it to accept in explicit terms the principle of "land for peace." Whether this or any other U.S. administration will be willing

to undertake that experiment, only time will tell.

No doubt, many Likud members would like nothing better than that the United States release them from what has become a self-made trap, coerce them into accepting compromises that they are unable to make alone. In defense of yet another dramatic reversal, the Likud would argue that it has long accepted Security Council resolution 242 (which links peace to withdrawal); that it did not hesitate to evacuate the Sinai for a treaty with Egypt; and that it is the party of peace, Labor of war. In the meantime, though, Yitzhak Shamir will not yield territory unless he can carry his two major rivals in the Likud, David Levy and Ariel Sharon, with him. And to expect a united front from this trio is somewhat farfetched.

To avoid the surrender of land, a sheer nightmare from its official point of view, the Likud (like Labor) might well opt for the lesser evil and move a long way toward Palestinian home rule in the territories. Since the uprising, Shamir has begun to talk of autonomy and elections on the West Bank and in Gaza. This change of tone has, at times, been remarkable (and not without unconscious humor, given his insistence that Arab violence must not be allowed to pay). He is now holding on desperately to the Camp David agreements, which he opposed so vehemently when they were signed nine years ago.

In sum, then, for all the flurry of international diplomatic action that the revolt has produced, the interim result may well turn out to be some form of partial, unilateral action agreed upon by both Likud and Labor.

This is hardly the long awaited "dawn," that much beloved metaphor of the early Zionist writers. But neither is it the "Black Hole at the End of the Tunnel," a title chosen recently for a piece in *Davar*. All in all, it is to be regretted that the "disturbances" did not come fifteen or twenty years ago; a settlement would have been infinitely easier then; but better the crisis now than later. □

Photo Essay

Photos by Mitzi Trumbo; Text by Harold Meyerson

ON VENICE BEACH

LOS ANGELES

There are fewer and fewer places to be poor in the city of America's future. Walk down any residential street on the periphery of downtown; it teems with immigrant families doubling and tripling up in small apartments. A *Los Angeles Times* survey last year found 200,000 persons throughout the county residing in garages in the backs of homes and apartments, invariably without running water, frequently without electricity. "Stuff they used to find in the rural South some twenty or thirty years ago," a housing planner told a local magazine recently; "conditions like that are mushrooming today."

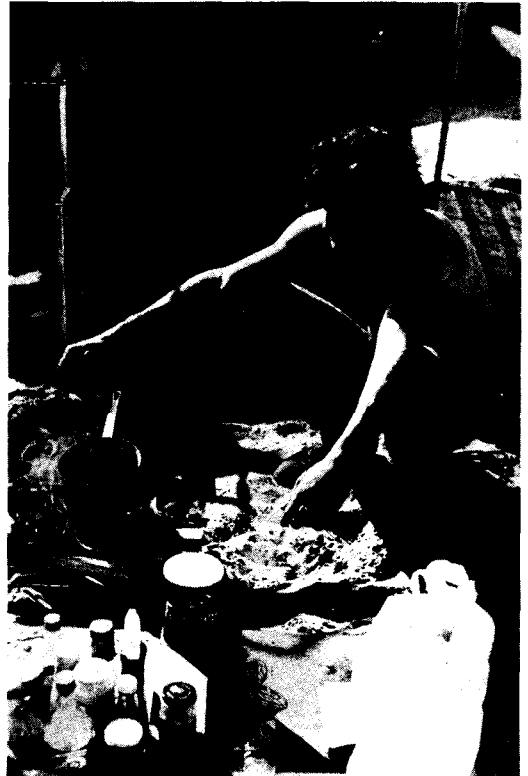
A big notch beneath even the garage people are the L.A. homeless, whose numbers no-

body knows, but which academic surveys suggest fall between 55,000 and 70,000. Fully half of them, the surveys tell us, are homeless primarily because of economic circumstance.

Chased by a downtown merchants' association from the familiar alleys of Skid Row, a number of Los Angeles's homeless gathered this winter on Venice Beach, which they had reason to believe would be friendlier terrain. Venice, after all, was the nearest thing Los Angeles has ever had to a Bohemian community; and even in its currently gentrified condition it remains the commercial proving ground for all manner of life-styles and fads. Venice has seen deviance



PHOTO ESSAY



turned to profit too often to dismiss mere social disorganization out of hand.

But concentrated transient poverty was something else again. Not even the merchants of Venice could turn a buck on the homeless; there was no place in Venice's calculated funkiness for genuine squalor. Long at odds with the Los Angeles Police, Venice found itself in the unaccustomed position of calling on the cops to clear the homeless from its doorstep. A small band of Venice progressives sought to establish shelters within the community, and Venice's newly elected city council representative, one of the first veterans of the 1960s New Left to sit on the Los Angeles City Council, proposed housing the homeless in nearby trailers. In the face

of widespread community resistance, however, these attempts collapsed.

When Mitzi Trumbo took these pictures on Venice Beach in mid-January 1988, the police had already given notice that they would soon uproot the encampment. Counterculture or no, Venice was no sanctuary—better than Tucson, perhaps, half a dozen of the homeless concluded one afternoon, but no San Francisco. A few days after these pictures were taken and two days before the announced police sweep, the encampment was demolished by a vicious winter storm. In its wake, the homeless returned to the doorways and the spaces under highways and bridges where they dwell when the state and the weather and a gentrified counterculture force their dispersal. □



Glasnost Watch

Irving Howe

GORBACHEV MEETS UP WITH HISTORY

I can think of at least two ways to approach history. There is the historian's way, usually celebrated as realism, and . . . the "unhistorical" way, claiming for itself, in the name of an undogmatic moralism, nothing less than truth.

The historian's way prompts one to say that Mikhail Gorbachev's policies in the Soviet Union could set into motion a historical process not only significant in its own right but also raising a hope for unforeseen positive consequences. In other words: this approach to history would stress that what matters is not so much the fairly stringent limits within which Gorbachev proposes to confine *glasnost* and *perestroika* (openness and restructuring). What matters is that there may now be opportunities for as-yet-unformed trends and movements toward democracy and popular expression going beyond, or in opposition to, the one-party dictatorship that Gorbachev seeks to preserve.

Clearly, the historian's way is essential, but perhaps there's also something to be said for the "unhistorical." Discounting the *realpolitik* limitations that are said to confine Gorbachev's actions, the "unhistorical" approach observes that in some respects Gorbachev has been less bold in his revelations than Khrushchev was thirty years ago. It insists upon maintaining a sober view of Soviet (or any other) political power. It holds fast to actuality and truth, as it sees them, no matter what the political consequences.

In his four-hour speech on the anniversary of the Bolshevik revolution, Gorbachev made an effort of sorts to deal with the Soviet past. He

labeled some of Stalin's acts as "crimes," a step toward recognizing the simple truth, though he was far from precise about the scope of those crimes. Gorbachev also dealt with Soviet politics in the 1920s, the years when there could still be open factional disputes among the Bolshevik leaders, and before Stalin brought them to an end through his reign of terror. Names long erased from official Soviet history—Trotsky, Zinoviev, Bukharin—were mentioned by Gorbachev, though in a cramped and nervous manner. Trotsky, he said, was "an excessively self-assured politician who always vacillated and cheated." (Excessively self-assured politicians don't characteristically, let alone "always," vacillate—but let that go.) Exactly how Trotsky "cheated" Gorbachev failed to mention, but far more important is the fact that his characterization deviated radically from what had until recently been the official Soviet line: that Trotsky was "an enemy of the people," an "accomplice of fascism," as witness the Moscow show trials of 1937. So even if Gorbachev were correct in his description of Trotsky, it is still very far from the once-official slander that millions of the party faithful repeated throughout the world. An honest scrutiny of the past would, you might suppose, require that this gross contradiction be accounted for. But no. Not in a one-party dictatorship where, even when a portion of truth is meted out, the state retains control of both its quantity and its composition.

The situation regarding Bukharin is stranger still. Bukharin was praised by Gorbachev for

having joined Stalin to fight Trotskyism—which he certainly did—but about Bukharin's subsequent fate at the hands of Stalin there was no word. In reality Bukharin represents a serious embarrassment for the Gorbachev leadership since many of its current socio-economic proposals seem, on the face of it, reminiscent of those advanced by Bukharin's "Right Opposition" in the late 1920s. Since Gorbachev's speech, word has come—it's welcome, of course—that Bukharin has been "rehabilitated." But even this signifies that in the Soviet Union history remains the virtual monopoly of the party elite. It is the party that decides who, in the past or present, is a "person" and who a "nonperson."

Endless questions follow: If Bukharin is "rehabilitated," that is, declared not guilty of the charges made at the third Moscow trial, what of the other trials? Zinoviev and Kamenev (trial one), Radek and Pyatakov (trial two)—are they "persons" or "non-persons"? If they too were

framed (as of course they were), what, in the new Soviet orthodoxy, is the role ascribed to Stalin? To the secret police? And the party? And if all three of these trials were frame-ups, what about the trial of the Mensheviks in 1931, which Trotsky at first thought was genuine but then later had the grace to admit he was wrong about? A frame-up too? And if so, how about publishing Solzhenitsyn's book on the Gulag? In short, once you let a little truth in, *just a little*, where are you going to call a halt?

Still, it's deeply interesting that in a country where for decades history has served as a subsection of propaganda, many people should express a strong interest in the past. Now I don't imagine there are millions of Soviet citizens clamoring for the truth about Trotsky or Bukharin; but for the Soviet "political class" trying to orient itself to complex new developments and the intelligentsia trying to get a grip on the country's past, there seems obvious reason for being fascinated by the politics of the 1920s, the last time there was a semblance of democracy within the Bolshevik party, if not Soviet society.

Some Soviet dissidents have rejected the Leninist heritage entirely, seeing it as the authoritarian foundation for the Stalin dictatorship. They believe, with good reason, that whatever possibility there is for a gradual democratization of Soviet society is hindered by the Bolshevik legacy—its rationale for the party's monopoly of power, its arrogation of

Vassily Grossman

Does human nature undergo a true change in the cauldron of totalitarian violence? Does man lose his innate yearning for freedom? The fate of both man and the totalitarian State depends on the answer to this question. If human nature does change, then the eternal and world-wide triumph of the dictatorial State is assured; if his yearning for freedom remains constant, then the totalitarian State is doomed.

The great Rising in the Warsaw ghetto, the uprisings in Treblinka and Sobibor; the vast partisan movement that flared up in dozens of countries enslaved by Hitler; the uprisings in Berlin in 1953, in Hungary in 1956, and in the labor-camps of Siberia and the Far East after Stalin's death; the riots at this time in Poland, the number of factories that went on strike and the student protests that broke out in many cities against the suppression of freedom of thought; all these bear witness to the indestructibility of man's yearning for freedom. This yearning was suppressed but it continued to exist. Man's fate may make him a slave, but his nature remains unchanged.

Man's innate yearning for freedom can be suppressed but never destroyed.

From the novel *Life and Fate*

Anna Akhmatova

1 April 1957, Leningrad

In the fearful years of the Yezhov terror I spent seventeen months in prison queues in Leningrad. One day somebody "identified" me. Beside me, in the queue, there was a woman with blue lips. She had, of course, never heard of me; but she suddenly came out of that trance so common to us all and whispered in my ear (everybody spoke in whispers there): "Can you describe this?" And I said: "Yes, I can." And then something like the shadow of a smile crossed what had once been her face.

Epigraph to the poem *Requiem*

the right to speak in the name of the working class, the people, the future of humanity. Yet even such dissidents have reason to be interested in the 1920s, as, of course, do those who regard themselves as a reformist strand within or near the Bolshevik tradition.

At present Bukharin would seem to offer more than Trotsky to young people in the Soviet Union who are groping for a fresh start. In the middle and late 1920s, Bukharin proposed a slower pace of industrialization than was advocated by most of the other Bolshevik leaders, which would have meant a milder exploitation of the workers and peasants. He spoke for efforts to conciliate the countryside through permitting private allotments of land

and a more flexible pricing mechanism, as well as arguing (but this Trotsky did too) against forced collectivization of agriculture—a set of policies that would have avoided the loss of the millions of lives destroyed by Stalin’s forced collectivization and might also have ended or eased the chronic failures of Soviet agriculture. In effect, Bukharin was advocating a sort of mixed economy along the lines of the NEP (New Economic Policy) that had been introduced under Lenin following the economic disasters of “War Communism.”

That grave difficulties would have attended Bukharin’s proposals if they had been enacted is clear. But what matters now is that insofar as Gorbachev may need a model from within the Bolshevik tradition—and in societies still pledged, if only ritualistically, to ideology, such models *are* needed—it is in Bukharin’s thought that he can most readily find it. (As Marxists are wont to say, it’s no accident that Bukharin is cited these days with increasing frequency in the economic journals published in China.)

What, however, can Trotsky offer to serious young people in the Soviet Union as they turn back to the past? Not much of his program of the 1920s has a contemporary bearing: not his theory of “permanent revolution,” which has, I think, been damaged by subsequent events in the Third World; and certainly not his rigid adherence to the ideology of Leninism. But what might excite the imagination of some young Russians is the intransigence with which Trotsky fought against Stalinist lies and terror, the example of a historical figure who, right or wrong, stood fast in behalf of his ideas. Nothing of the sort, alas, can be said about Bukharin. It is only fair to add that Trotsky spent his later years in exile, not immediately subject, as were Bukharin and other Bolshevik leaders, to the ministrations of Stalin’s secret police. Nevertheless, the fact remains that Bukharin caved in and Trotsky remained firm as critic and oppositionist.

And yet . . . how meager the news and the revelations from Moscow must still seem when measured by the “unhistorical” standard of simple truth and simple freedom. The ukases of the Communist bureaucracy bending the past a

Julian Martov

The Soviet State has not established in any instance electiveness and recall of public officials. . . . It has not suppressed the professional police. . . . It has not done away with social hierarchy in production. . . .

On the contrary, the Soviet State shows a tendency in the opposite direction. It shows a tendency toward intensified centralism of the State, a tendency toward the utmost possible strengthening of the principles of hierarchy and compulsion. It shows a tendency toward the development of a more specialized apparatus of repression than before. . . .

As [the Bolsheviks] see matters now, the road to the non-Statist social order no longer lies in the progressive atrophy of the functions and institutions that have been forged by the bourgeois State, as they said they saw things in 1917 [e.g., Lenin’s “State and Revolution”]. Now it appears that their way to a social order that would be free from the State lies in the hypertrophy—the excessive development—of these functions and in the resurrection, under an altered aspect, of most State institutions typical of the bourgeois era. These shrewd people continue to repudiate democratic parliamentarism. But they no longer repudiate, at the same time, those instruments of State power *to which parliamentariansim is a counterweight within bourgeois society*: bureaucracy, police, a permanent army with commanding cadres that are independent of the soldiers, etc.

From his pamphlet *The State and Socialist Revolution*, 1921

little this way, a little that way can only appear feeble only so long as independent historians and writers—indeed, all citizens in the Soviet Union—remain unable to express freely and publicly their own judgments. Democratization? A true test would be not just Gorbachev's pronouncements, welcome as some of them are, but the ability of others within the party leadership (say, Boris Yeltsin) and those outside the party to argue with him in legal print, whether from "left" or "right" or whatever.

The most significant developments within the Soviet Union seem to be in the sphere of culture. As so often in the past, deep into the Tsarist years, it is Russian literature that bears the burden and splendidly enacts the responsibility of criticism and truth. A Soviet citizen who wants to know what it was like to live through Stalin's terror will turn, not to any politician, but to the novels of Boris Pasternak (*Dr. Zhivago*), Vassily Grossman (*Life and Fate*), and Anatoly Rybakov (*The Children of the Arbat*). That these works have been legally published or are scheduled for legal publication in the Soviet Union is a heartening sign. Gorbachev and his colleagues apparently recognize how important for them is the support of

the intelligentsia. And the party leadership has shrewdly judged that, from its point of view, a loosening of literary censorship entails fewer risks than a relaxation of political controls.

Who knows? Perhaps someday, surely not tomorrow, young Russians intent upon a fearless inquiry into the past may discover that there were other voices, non- and anti-Bolshevik—those, for example, of Bertrand Russell abroad and the left Menshevik Julian Martov at home—which immediately after the October Revolution predicted that the Bolsheviks' insistence upon concentrating all power in their own hands, and systematically destroying any legal opposition, would become the foundation for a new tyranny.

If and when democracy comes to the Soviet Union at some point in the future, belated justice may yet be done for those who spoke the truth. When it becomes possible for Soviet citizens to read—I choose names almost at random—Russell and Martov, Arthur Koestler and Ignazio Silone, Leon Trotsky and Nikolai Bukharin, Aleksander Solzhenitsyn and Robert Conquest—then we will know that a great step, perhaps the great step, has been taken.

So speaks an "unhistorical" mind, socialist variety. □

Arkadii Arkanov

“SOLOMON” AND CONSCIOUSNESS

An Exercise in Nonscience Fiction

Although Soviet writers have been repeatedly exhorted to employ the “weapon” of satire, the range of its “permissible” subjects steadily shrank over the years. The New Economic Policy of 1921–25, with its tolerance of a relatively pluralistic economic structure and literary and artistic diversity, was also a glorious period of Soviet satire, when prominent political figures, such as Trotsky, Zinoviev, and even Lenin, did not escape the irreverent attention of writers and caricaturists. Until the early 1930s masters like Ilf and Petrov (*The Little Golden Calf*, 1928, and *The Twelve Chairs*, 1931) as well as the incomparable Mikhail Zoshchenko, whose acrid yet affectionate sketches chronicle the absurdities of Soviet life, survived and even flourished.

After 1932 the situation worsened perceptibly. Although not suppressed, satire was severely circumscribed. Zoshchenko's career ended in 1946, when he was savagely attacked by the gauleiter of Soviet orthodoxy, Andrey Zhdanov, and expelled, along with the poet Anna Akhmatova, from the Union of Soviet Writers. (Zoshchenko was never to recover from the attack and died in virtual obscurity in 1958.) The works of Ilf and Petrov were occasionally republished until 1948, when they were banned as “ideologically harmful.” It was not until three years after Stalin's death, in 1956, that they again saw the light of day.

Khrushchev's thaw liberated Soviet satire. *Literaturnaia gazeta* began running a humor column, under the title of “Twelve Chairs”; a new generation of satirists began to publish their work; performers like Arkadii Raikin boldly—sometimes almost blasphemously—mocked the foibles of Soviet society. Yet the satirical sketch that appears below is something new, even in this era of glasnost. Its author, the well-known writer Arkadii Arkanov, eschews the customary targets, taking on, instead, the current perestroika campaign itself. The terms “marmotinium” and “goudation” (in Russian *pablosurzhik* and *brynzovost*) are, of course, fictitious. Yet who is “Solomon”—with his stern admonitions, efforts to “rouse initiative,” and mounting frustration—if not Mikhail Gorbachev? And who are those mindless crowds cheering every new slogan proclaimed by their leaders—and then going about their business as if nothing had happened—if not some—many—of the citizens of the USSR? It would be wrong to regard Solomon's short-circuited fate as the author's bleak prognostication of things to come. Yet the fact that Arkanov felt no compunction about directing his wit at the gigantic problems facing Gorbachev is surely a tribute to the new winds of relative freedom in the Soviet Union.

JOSEPHINE WOLL

For more than forty years this strange little miniplanet has been under Earth's control. Eleven emissaries, one after another, had been sent from Earth to govern the little planet, and all eleven, unable to cope, were eventually recalled. Finally, an electronic emissary was constructed on Earth. The machine was endowed with infinite wisdom, deadly logic, and the ca-

capacity for far-reaching analysis and global synthesis. The wondrous creation was given the biblical name of Solomon and was duly dispatched to the faraway strange little planet.

The latter was more than just a plain old planet: it was a veritable enterprise. For many years its inhabitants had worked on creating a portentous and absolutely top-secret product

code-named “marmotinium.” In truth, none of the planet’s denizens knew what “marmotinium” was. Some said that it was an important part of a still more important part. Others thought it was an ingredient of a skin revitalizer; still others were convinced that it was a new key to longevity, but those who thought so kept their speculations to themselves. Everyone, however, was convinced that marmotinium was something at once magnificent and indispensable and that in order to produce it all citizens had to roll up their sleeves, harness the collective, catch up with the shock-workers, mobilize the stragglers and pull together—arm in arm, nose to nose. After all, that’s what the local paper told them every day. . . .

Toward evening all of the planet’s citizens would go home from work, reading the newspaper and certain that the production of marmotinium was approaching with each passing day. But as soon as Solomon arrived, it became immediately clear to everyone that his human predecessors had been wrong. “Of course they were wrong,” the local paper wrote. “How could they have possibly been right, when they were wrong?” A persuasive argument, and one that spurred people on to bigger and better things.

It was thus not surprising that Solomon found the little planet braced for a “new and unprecedented phase of development” (as the local paper put it). In other words, he had to start from scratch. “The most important thing,” Solomon decided, “is to arouse initiative and self-awareness. People must not be allowed to agree with whatever I say.” And so at the first meeting, as an experiment, Solomon announced to those assembled that he was a total idiot. Unfortunately, he was not able to go on with his speech because his words were drowned out by deafening applause, the echo of which resonates to this very day.

The next day Solomon called together the unit supervisors and declared that he did not like ovations. . . .

“He doesn’t like ovations! . . . He doesn’t like ovations!” the unit supervisors cried rapturously, and organized a spontaneous meeting.

“No o-va-tions! No o-va-tions!” everyone shouted in unison. Such applause erupted that

Solomon’s head, with its electronic brains, hurt all night long.

Suddenly it dawned on Solomon why marmotinium had not yet been built—people spent all their time at meetings! So the next day, at a general meeting, he proclaimed: “Less applause, more work!” Solomon’s protective membrane almost burst at the ovation that greeted his words, and the little planet itself shook from the thunderous reverberations.

All Saturday and the whole of Sunday Solomon wracked his metal brains, trying to figure out how to awaken public self-awareness. . . . How truly extraordinary! He called himself a total idiot and the people not only agreed, they were positively overjoyed.

So Solomon decided on a risky step. He would issue such imbecilic decrees that even a wooden stool would be bound to object. On Monday he told the unit supervisors: “The main thing in building marmotinium is to ensure the quality of goudation!” The supervisors vigorously agreed. “Absolutely right!” said the first. “Until now we had closed our eyes to goudation even though it’s clear that goudation is an objective factor that must be reckoned with,” said the second. “We must initiate a campaign for 100 percent goudation,” chimed in the third.

“Think about what I’ve told you,” Solomon told the supervisors, “and implement appropriate measures forthwith!”

As evening approached, Solomon saw with horror that the whole little planet was lit up and festooned with huge slogans. “FOR 100 PERCENT GOUDATION!” the neon letters blazed. “WHAT HAVE YOU DONE FOR GOUDATION?” painted placards demanded. “GOUDATION CREATES MARMOTINIUM!” screamed the headline of that morning’s local paper. And in the gift section of the planet’s department store, stamps embossed with Solomon’s image were selling at five rubles, thirty kopecks apiece (in our currency).

“Aha!” thought Solomon. “Now you’re in for it!” On Tuesday he addressed a general meeting. “Goudation is nonsense!” he cried. “It’s a piece of stupidity that I concocted! Yet you go on praising to the skies every idiocy I utter! Where is your self-awareness?”

“Absolutely right!” exclaimed the first

supervisor. "Only yesterday we were closing our eyes to the fact that goudation is nonsense. It must be admitted . . . We had underestimated . . ." "The fact that goudation is nonsense is an objective factor which must be reckoned with," said the second supervisor. "We must initiate a campaign for the complete eradication of goudation!" chimed in the third supervisor.

Yesterday's jubilation was transformed into today's exultation: "GOUDATION IS NON-SENSE!" blazed the neon letters. "AND WHAT HAVE YOU DONE FOR THE ERADICATION OF GOUDATION?" demanded the painted placards. "GOUDATION DOES NOT CREATE MARMOTINIUM!" proclaimed the local paper. And in the gift section of the department store, stamps embossed with Solomon's image went up by forty kopecks (in our currency). . . .

Wednesday, from morning on, Solomon's electronic pressure was rising precipitously. No wonder! All night he'd been trying to find a way to provoke sensible disobedience to him, and toward morning he thought that he had found one. . . . Again he summoned the unit supervisors and declaimed: "As of tomorrow all blue-eyed blondes must be fired from their jobs according to Article 47.b."

"At last!" cried the first supervisor. "In the past we closed our eyes. . . ." "Blue-eyed blondes are an objective factor," agreed the second. "We must initiate a campaign," chimed in the third.

Solomon raised his voice: "Why don't you ask me the reason for firing them?"

"It must be necessary," all three rapped out together.

"I fired them," Solomon stormed, "because not a single one of them ever skipped work."

"And quite right too!" the unit supervisors said. "If they were fired because they never skipped work, it means that there have never been any absentees on our little planet, nor are there any now!"

Solomon was beside himself. "But that is absolutely absurd!" he raged.

"Yes. In the past we somehow closed our eyes to absurdity," the first said dispassionately. "Absurdity is an objective factor,"

observed the second. "We must initiate a campaign for 100 percent absurdity," the third added confidently. . . .

Indignation and amazement set off Solomon's second-level alarm system. He felt such excruciating pain that he immediately went home and lay down on his tachometer.

Thursday was proclaimed a nonworking day because of the absence of absentees on the little planet. And in the gift section of the department store, stamps embossed with Solomon's image went up by yet another forty kopecks (in our currency).

Solomon received the final blow on Friday, when he read in the local paper that under his leadership the plan for producing marmotinium had been overfulfilled by 453 percent.

An extraordinary picture emerged: according to the plan, production of marmotinium should have been completed in the year 2965. Yet the local paper trumpeted the achievement of marmotinium "by the year 2981." Gathering his last strength, Solomon wrote back to Earth that everything on the little planet was a fraud. "A new and unprecedented phase of development" really meant "total collapse." Plus 453 percent meant minus 453 percent. Marmotinium was barely in its embryonic stage. All unit supervisors should be fired immediately. Solomon wished to affix his signature, but at the moment he suffered what is referred to in obituaries as "a sudden and untimely death. . . ."

When Solomon's letter reached the Earth, it was decided that he had been too smart for his own good. He was relieved of his duties "in connection with his transfer to another position."

No one knows who succeeded him or what happened next. . . . All we know is that those who suffered most on this strange little planet were the workers in the gift section of the department store.

You think it's a joke? The warehouses were crammed full of stamps embossed with Solomon's image, and no one, no one at all, knew how much to charge for them. . . .

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Josephine Woll

SOVIET CINEMA: A DAY OF REPENTANCE

When I saw the Soviet film *Repentance* in Moscow last year, it was still being withheld from general distribution. Since it could only be seen at private screenings in places like the Writers Union, it had the cachet of the (relatively) inaccessible. Most Soviet friends who had managed to see it recommended it highly, but a few spoke disparagingly of heavy-handed symbolism, invoking Fellini and Bergman as director Tengiz Abuladze's aesthetic masters, and complaining that he'd not really fashioned a style or voice of his own. Some Americans, certainly sympathetic to the "message" of *Repentance*, have also come away from it disappointed and wondering if the film was lauded chiefly because no one expects so openly anti-Stalinist a movie to come from the Soviet Union. I thought then, and I think now—after seeing it twice more on inferior videocassettes—that one cannot separate where it was made from what it is, and that Tengiz Abuladze's film is both important politics and powerful art.

It is extraordinary that a movie like *Repentance* was made in the Soviet Union in the years before *glasnost*, and Abuladze has given credit to Foreign Minister Eduard Shevardnadze for suggesting that the film be made for Georgian television, thus bypassing the worst bureaucratic channels. But Abuladze's choice of allegory and fantasy to recreate the experience of Stalinism was not, I think, imposed upon him by the exigencies of Soviet censorship. Serious Soviet artists tend toward one of two modes to convey the Stalinist years. The more common approach hews to strict canons

of realism, eschewing adornment and ornamentation that would keep the ugliness at one remove and hereby falsify it. That was what Iurii Trifonov did in his best fiction, what Georgy Vladimov did in his brilliant novella about a camp guard dog, *Faithful Ruslan*, what Anatoly Rybakov does in *Children of the Arbat*. It is admirable and it works, but one of its limitations is that it can recount the experience of only one particular victim or group of victims. Solzhenitsyn, in *One Day in the Life of Ivan Denisovich* and *The First Circle*, tried to broaden the impact of that approach by creating a whole society out of the polyphonic voices of prisoners (and, in *Cancer Ward*, patients and medical staff); the scheme succeeds so long as the action is confined within rigid spatial limits—in the camp, *sharashka*, hospital. When the action moves into a wider world, the effect is rarely sustained, often verging on caricature.

Abuladze's choice is different. Abuladze decided to recreate the Stalin era and its moral consequences through a blend of realism and fantasy, blurring the conventional barriers that separate past and present, spectator and actor, farce and tragedy. By regarding realism as only one mode of depicting reality, he enlarges the scope of the film in order to fabricate an integral experience. He doesn't speak for one or another group of victims, he speaks for all the victims; he doesn't restrict himself to one of the many phases of terror between 1929 and 1953, he encompasses Terror, abstracting it from a real time and a real place and thereby—paradoxically—making it palpable.

Repentance is built out of incongruities, beginning with the first shots of an aproned woman decorating cakes with miniature spun-sugar churches while a bearded man—her husband? a friend?—wolfs them down as he reads the obituary of the city's former ruler, Varlam. Abuladze cuts from the face in the newspaper—octagonal eyeglasses, beaming smile—to the mass of red carnations blanketing Varlam's coffin. The funeral is an occasion of ludicrous pomp: mourners resembling *mafiosi* chieftains and *consiglieri* pay homage to the *padrone*'s heir, mumbling clichés; a bearded hunchback recites a poem in praise of Varlam.

The central paradox begins with Varlam's corpse, which won't stay dead, or at least buried. Interred three times, it materializes three times, large as life and twice as unnerving. The culprit turns out to be Kati, the cake decorator of the first scene. She has been digging him up and, when brought to court, pledges to continue digging him up. This is courtroom as theater: Kati wears an elaborate white costume with a fashionable, wide-brimmed hat; Varlam's vampy daughter-in-law, a slinky dress, fur stole, and diamond necklace. Which one is on stage, which in the audience? In this theater of real life, the judges wear medieval British-style wigs and mortarboards, but one of them fiddles with a Rubik's cube. There is no way of knowing when the action occurs in "real" time—undefined past merges with undated present.

"I was eight when he became active in city life, . . ." Kati begins. Her story unfolds in a flashback occupying half the film, a mixture of grotesque humor and chilling pain. Like Chaplin in *The Great Dictator*, like Voinovich in "A Circle of Friends," Abuladze demythologizes the Tyrant-God by making him look ridiculous. A broken pipe sprays a torrent of water in front of the rostrum at Varlam's inaugural celebration, drowning out the speakers both visually and audibly, while workmen try with slapstick abandon to cover the leak with their bodies. The eight-year-old Kati is entranced by the spectacle, until her father leads her in from the balcony and, after locking gazes with Varlam for a long moment, shuts the door on him.

He can shut the door, but he can't shut him out. Kati's father, Sandro Baratelli, is a painter who tries to save the monuments of past culture and civilization; her beautiful mother, Nino, is Womanhood incarnate. Together they embody human love, spirituality, and intellectual freedom: their disappearance is inevitable. They cannot defeat the omnipotent, omnipresent Varlam, who can subordinate even nature to his power. On Nino's birthday Varlam visits uninvited, draped in fur and bringing flowers, a caged bird, and a crucifix. After inspecting the paintings and singing an aria to the oom-pa-pa accompaniment of the two thugs who flank him, Varlam departs by jumping out the window. Seconds later, as Sandro and Nino exhale with relief, their front door is flung open: Varlam, having defied all normal laws of time and motion, stands there grinning like a Cheshire cat. That same night Nino dreams that she and Sandro are running from a Varlam who can pursue them everywhere, into the earth itself. As light dawns, Varlam's thugs knock at the door; they come for Sandro the man ("You must come with us, not for long, if you please") and for the civilization he symbolizes, collecting his paintings and fingering the piano in whose glossy surface their armor is reflected. The dream is real enough.

The spoliation of Varlam's tyranny includes the individuals whose death he engineers (Sandro, Nino, their friend Michael, who was once Varlam's equal, then his acolyte, then his victim) and a mass of nameless citizens and their families. Wives learn that they are widows, their children orphans, when they move to the head of the line and give the window clerk a letter or parcel, only to be told: "Sent away without right of correspondence." It is the infamous lie doled out like sugared poison to thousands of Soviet women in 1937–1938; it is the infamous line Anna Akhmatova describes in her great poem "Requiem," familiar to educated Soviet readers from its *samizdat* circulation and finally, twenty-four years after its publication in the West, printed last spring in the Soviet Union.

In the most powerful scene in *Repentance* Kati and Nino go to the railway yard, where

lumber arrives by freight train from—we infer—the camps. They have been told they might find Sandro's name and whereabouts on the logs. There is no dialogue; there is no need for dialogue. Women slog through mud and slush amid piles of logs, examining each cut end for a message etched into the wood. One lucky woman finds her husband's name. Her fingers caress the Georgian letters as if they were the features of his face, while her lips move in soundless loving murmurs. Nino is not so fortunate: finding nothing, she sits wearily, hopelessly, amid a cataract of sawdust with her arms around her daughter.

She is perhaps fortunate in not seeing, asleep or awake, Sandro under pressure to confess his "crimes." He is led into a garden full of yellow goldenrod, red poppies, and green weeds. They are the only colors, nature's beauty contrasted to the white piano standing in the midst of the garden and the black and white clothing of the interrogator and the elegantly clad blindfolded figure of justice. Michael, a Bukharin-like figure, is brought in to admit his guilt: "I had to dig a tunnel from Bombay to London. 9,700 people helped me. We poisoned corn. We poisoned the whole population." Absurd, of course. Left alone with Sandro, Michael confides his strategy: "We have to give thousands of names, to the point of absurdity, so many names that no one could believe it. Don't we?" Absurd. Of course.

But Nino does "see" her husband's death. Her friend Elena, one of Varlam's believers, offers her the comfort that both Sandro and Michael have been arrested by mistake: "As our aims are grandiose, so will be our mistakes." With fanatic exaltation she raises her eyes to the radiant future and sings the "Ode to Joy," which swells and fills our ears as Nino, with a clarity of vision worthy of Koestler, sees Sandro sloshing through inches of water down a cavernous tunnel, his hands bound behind his back. The camera moves from his dangling feet up to his head: a hanged Christ in a rank Gethsemane. Nino wakes with a start. "We have no more papa," she tells Kati. She herself is arrested soon after.

Once the door of the paddywagon slams behind Nino, Abuladze cuts back to the court-

room, where Kati proclaims that she will never allow Varlam to rest, covered and protected, in the earth. She wants to shout her "crime" to the four winds, so everyone will know what she has done and why. Instead, she is declared insane, a neat (and all too familiar) way of keeping her quiet and Varlam in his grave. But Varlam's grandson, a sensitive teenager, has been listening, hard. It is he, symbol of the young, who challenges his father, Varlam's son, Abel; it is he who takes refuge in a kind of catatonia when all his father can offer are clichés: "Your grandfather did nothing bad. . . . It was complicated. . . . We were surrounded by enemies. . . . What is the fate of one man when the fate of millions is at stake. . . . Varlam always had the interests of the populace at heart, but he wasn't always in control." He bursts in on his parents' soirée, shouting despairingly, "I don't have the strength for all these lies. I hate you—and everyone."

The boy's explicit accusations and his response to his father's feeble and ultimately unavailing defense suggest the fearful consequences for a society that builds its present and future on a past of lies. That confrontation is a large component of what Abuladze wants to say in *Repentance*. For me, however, it is the least successful part of the film, because it is exclusively realistic and explicitly tendentious. These scenes depend for their impact largely on unambiguous words, whereas elsewhere in the film Abuladze's acute eye creates visual images whose ambiguity allows for a much more complex rendering of reality. When Abel speaks of the Devil/Deity he has avoided facing ever since childhood, we understand and appreciate what he is saying. But when the dead Varlam slowly puts on his glasses and looks about before he pulls up his shroud as if it were a blanket and, turning on his side, gets comfortable for sleep, we—spectators, viewers—are afraid, afraid that this ghost cannot be laid to rest, that this nightmare cannot be woken up from. It may not be "real," but it is "true." Only an artist could make us feel that fear in our guts as well as understand it in our heads. That is Abuladze's accomplishment. □

The Post-Reagan Economy

Thomas E. Weisskopf

AFTER THE PARTY

How Can We Overcome
the Legacy of Reaganomics?

Since the depths of the Volcker-Reagan recession of the early 1980s, the U.S. economy has followed a course of economic expansion that has heartened supporters of the Reagan administration and put its critics on the defensive. In terms of the broad macro-economic indicators that loom large in national elections—e.g., unemployment, inflation, output growth—U.S. economic performance since the end of 1982 has looked quite good, especially in comparison with that of the Western European economies. The fact is that a majority of Americans are now economically better off than they were six years ago.

Yet, aside from a few hardy Reaganauts, there is scarcely an economic observer who has watched the developments of the past several years without an increasing sense of foreboding. It is not simply that the Reagan recovery has been extraordinarily inequitable, bringing vast benefits to a privileged few while providing modest gains for many and inflicting real losses on a significant minority—thereby increasing inequalities of class, race, gender, and region. Nor is it the manifest growth of the culture of greed, the rejection of social needs in favor of private wants, which has been so prominent a feature of the Reagan era. This seamy side of U.S. economic growth in the 1980s has been amply documented and forcefully criticized by the left.

What troubles even many mainstream observers is the sense that the latest economic recovery is superficial; that underneath the favorable indicators lies an economic structure

fundamentally weak and seriously deteriorating. For the past several years the huge “twin deficits”—the U.S. trade and government budget deficits—have been generating increasing anxiety, suggesting as they do a basic inability of the U.S. economy to produce what it wants to consume and a basic unwillingness of its managers to live within their means. Such worries were brought to a head by the stock market crash of October 1987. From the flurry of commentary elicited by the sudden collapse of the Dow Jones index, one conclusion repeatedly surfaced: “The party’s over.”

In itself, the stock market crash is of virtually no significance. No doubt it provides a convenient opportunity for critics to draw attention to what they perceive as the main problems of the U.S. economy. Thus, some left commentators lost little time in citing the crash as evidence of the structural weakness of American capitalism; while many establishment economists attributed the crash to the huge size of the federal budget deficit and used it as a stick with which to beat lawmakers into stronger efforts to balance the budget. The problem with these interpretations is that no one on the left gave capitalism much credit for the even more impressive five-year rise in the stock market before the fall; nor did the huge federal budget deficits run up during those years in any way interfere with that rise.

The recent behavior of the Dow Jones simply reflects the usual speculative excesses and psychological ups and downs characteristic of a stock market, magnified by some new trading

practices and the buoyant volatility of the market-giddy Reagan era. But the 1987 crash does not portend anything like the Great Depression that followed the 1929 crash, unless policymakers are so foolhardy as to emulate the Hoover administration and pursue highly restrictive macropolicy in both the fiscal and monetary arenas (by sharply reducing the budget and significantly slowing the growth of the money supply).

Somewhat more significant than the stock market, but still not the most important sources of concern, are the notorious twin deficits. The U.S. annual government budget deficit (whether measured for the federal government or total government) and the U.S. annual trade deficit (whether measured for merchandise trade, total goods and services, or on current account) have reached historically unprecedented heights in recent years, contributing to a massive growth in U.S. national and international debt. Yet, when measured in relation to the overall size of the U.S. economy, neither these deficits nor the corresponding levels of accumulated debt are unusually high by international standards. They are unusual only in relation to the experience of the United States in modern times.

Moreover, running government and/or trade deficits can actually be quite beneficial economically. As is now well understood, government deficit spending provides a fiscal boost to aggregate demand that can stimulate higher levels of employment and output when an economy is operating below its potential productive capacity. Indeed, there is little question that the deficits run by the Reagan administration in the first several years after 1982—the “military Keynesian” consequence of the Reagan tax cuts and military buildup—contributed substantially to the rapid recovery of the macroeconomy from the previous recession. And trade deficits, by enabling an economy to acquire in imports more than it delivers in exports, provide additional real resources that can be used to raise rates of investment above the limits set by domestic rates of saving. The net foreign contribution to saving implied by trade deficits has at times

enabled countries to grow more rapidly than would otherwise have been possible, for example, in Japan during the early post-World War II period.

Large budget and trade deficits can, under certain circumstances, cause serious problems. Whether they are doing so now in the United States is a matter of considerable controversy, to which I will return. But in themselves, the twin deficits do not provide unambiguous evidence of an unhealthy economy. For evidence of serious structural weakness in the contemporary U.S. economy, we must turn to data on more fundamental indicators.

One of the most important such indicators is the rate of productivity growth (growth in real output per hour of work), which is a major determinant of the rate at which average standards of living can rise. Closely related to productivity growth is the net rate of capital formation (net investment divided by net capital stock), which is one of the major sources of increased productivity. And closely linked to net capital formation is the rate of net national saving (net private plus government saving divided by net national product), which measures the contribution of domestic—as opposed to foreign—resources to net investment. A major objective of Reaganomics was to shift the U.S. distribution of income away from wages and government social spending toward profits in such a way as to stimulate greater private saving and capital formation and thereby increase productivity growth. In addition, major tax cuts and business deregulation were expected to promote more rapid productivity growth by stimulating greater private initiative and enterprise.

The record shows clearly that in the U.S. economy both the rate of net national saving and the rate of net private domestic capital formation have fallen to new postwar lows in the 1980s. Although data on public investment and capital stock (broadly defined to include both physical infrastructure and human resources) are more difficult to obtain and interpret, the available evidence points to a serious long-term decline in the net rate of public capital formation. Most measures of productivity growth in the U.S. economy, after having dropped since the mid-1960s to a virtual

standstill by the late 1970s, have recovered only slightly in recent years and over the 1980s have remained far below their levels in the first two decades after World War II.

In light of these chilling statistics, it is hardly surprising to learn that *the real take-home pay of the average American worker is now no higher than it was in the early 1970s and has actually declined since the late 1970s*. Just to maintain their standard of living most families have had to increase their hours of work time and go more heavily into debt. Somewhat more surprising, in light of the manifestly probusiness orientation of the Reagan administration, is the fact that after-tax nonfinancial corporate profit rates in the 1980s have on average been no higher than they were in the 1970s. Although the distribution of income has shifted sharply in favor of recipients of capital income and against recipients of labor income and profit rates have rebounded from their very low levels of the early 1980s, measures of U.S. corporate profitability remain well below where they were in the 1960s.

However impressive the cyclical recovery of the last five years, there can be no doubt that Reaganomics has failed to reverse a long-term decline in the strength of the U.S. economy that began some two decades ago.

Alternative Perspectives and Prescriptions

The view that the U.S. economy remains in deep trouble is by no means confined to left-wing critics. Mainstream figures like Peter Peterson, writing in the *Atlantic* last October, and the veritable "*Who's Who*" of corporate barons and former public officials who signed an extraordinary two-page "Bipartisan Budget Appeal" in the *New York Times* last November, warn us ominously to "resolve our worsening economic problems before it is too late." Peterson in particular offers a mercilessly detailed account of how "America has let its infrastructure crumble, its foreign markets decline, its productivity dwindle, its savings evaporate, and its budget and borrowing burgeon," concluding that "the day of reckoning is at hand."

Such exhortations for austerity are of course a staple of mainstream economic advocacy in

the United States. What is more surprising in the present context is that this puritanical approach to our economic problems is shared by not a few prominent leftists. In a front-page essay in the *Nation* shortly after the October 1987 crash, I.F. Stone lamented "the biggest consumer binge of all time"—the "era of unprecedented profligacy" ushered in by the Reagan administration. He went on to call—in terms scarcely distinguishable from those of Peter Peterson—for "a really radical cut in the deficit," which, he conceded, "would mean some bitter medicine at home."

I.F. Stone's analysis shocked other leftists, used to capitulation by liberal Democrats to capitalist economic orthodoxy but not prepared for such heresy on the part of a distinguished veteran of the principled left. In the same issue of the *Nation*, Alexander Cockburn (drawing on the economic advice of Robert Pollin and Lynn Turgeon) ridiculed the call for belt-tightening austerity as a prescription for a major depression. Reflecting on the popular view that "the party's over," he pointed out that "most of the country has enjoyed no party in the past decade and can therefore scarcely be asked to leave one now." Cockburn went on to argue that the U.S. economy remained essentially a sluggish one in which policymakers face an unavoidable choice between stabilizing financial markets (by reducing government spending to cut the budget deficit) and assuring real growth (by supporting the right kind of government spending with continued deficit financing). The left, he and others have implied, should resist the belt tighteners and budget balancers and push for an expansionary fiscal strategy involving increased public expenditures under truly public control.

Clashes between advocates of fiscal austerity and advocates of fiscal expansion (if not profligacy!) have been just as sharp within the economic mainstream. Readers of the *New York Times* in late 1987 were treated to a series of exchanges between representatives of the dominant fiscal austerity school and a number of prominent critics (such as Robert Eisner and Lawrence Kotlikoff) who disparaged the conventional wisdom of lowering the budget deficit as "deficit hysteria . . . a dangerous national pastime" (Kotlikoff) and "a mindless

throwback to the economics of Herbert Hoover” (Eisner). Both of these economists argue convincingly that standard accounting procedures overestimate the size of the real federal budget deficit and that precipitous efforts to tighten fiscal policy would be highly counterproductive. In their Keynesian view, the most important objective of macroeconomic policy should now be to avoid a recession by combining fiscal with monetary stimulus.

What are we to make of these sharply conflicting views about the appropriate way to deal with what almost everyone seems to recognize as fundamental problems with the U.S. economy? Clearcut divisions between left and right do not offer any obvious guidelines for progressives, as they do on issues like the arms race and U.S. intervention in Latin America. The austerity approach unites the corporate establishment, much of the economics profession, and the “puritan left.” The alternative expansion approach unites not only liberal Keynesians and many radical economists but also right-wing supply-siders. Which of these alternatives—or what combination and modification—should be incorporated into a truly progressive macroeconomic strategy to restore the long-run health of the U.S. economy?

The Appeal of Macroeconomic Expansion

Even though the objective of more rapid productivity growth has often been invoked to serve reactionary ends, it must remain an essential element of a progressive economic agenda. Productivity growth is important not because the production of more and more goods and services is a desirable end in itself, but because increasing productivity is what enables an economy over the long run to meet people’s growing real economic needs—whether for more useful goods and services, better-paying jobs, more stimulating work environments, more ecological balance, or fewer hours devoted to work time. Some of these needs can be met by reallocation and redistribution of resources (on both national and international scales), rather than by increasing the efficiency of resource use, but it is politically and economically unrealistic to expect that these

needs will be adequately met without continuing improvement in productivity.

Although there are many ways of increasing U.S. productivity growth—notably by changing the structure of power and the organization of work in American enterprises—it is hard to conceive of significant improvement without a substantial increase in the rate of public and private capital formation. Thus, any economic strategy for the United States must be judged in part on its ability to raise the rate of investment. Each of the two macroeconomic approaches discussed above purports to stimulate higher investment; where they differ sharply is in their analysis of how to accomplish this.

According to the austerity approach, investment is basically constrained by the availability of investible resources; in order for more investment to take place, resources must be released from competing consumption uses. The problem with the U.S. economy, in this view, is that private and public consumption claims have increasingly succeeded in “crowding out” claims to use the available resources for investment. This is reflected in the low rates of saving that have characterized the U.S. economy in the 1980s; so the critical task for macroeconomic policy is to encourage higher savings. It follows that private consumption must be restrained by higher taxes and public consumption must be restrained by cutbacks in government spending. Fiscal restraint, and the resultant reduction of government budget deficits, becomes an essential element of macroeconomic policy.

According to the expansion approach, investment is basically constrained not by the availability of investable resources—or savings—but by the willingness of the state to undertake public investment and the incentives for firms to undertake private investment. Increases in public and/or private investment, by raising the overall level of aggregate demand, will increase levels of capacity utilization, output, and income, and thereby generate automatically the higher levels of saving needed to finance higher levels of investment. The problem with the U.S. economy, in this view, has been the failure of the U.S. government to undertake needed public

investment projects and to provide private firms with the critical investment incentive of expected growth in aggregate demand. Fiscal restraint would therefore be highly counterproductive; what is needed is more government spending on public investment and faster growth in consumption demand to stimulate more private investment.

Advocates of both the austerity and the expansion approaches agree that an important element of any strategy to boost private investment is a reduction in real interest rates (nominal rates minus the expected rate of inflation), because lower real interest rates mean lower real costs to firms investing in new plant and equipment. The record shows that real interest rates in the United States have remained very high, by historical standards, throughout the 1980s; and this has surely contributed to the relatively poor investment performance of this decade. But the two macroeconomic approaches differ on what it takes to get real interest rates down.

The austerity school argues that real interest rates cannot be reduced as long as the government borrows heavily to finance budget deficits, because such borrowing adds to the demand for credit and thus bids up rates of interest. Big trade deficits are also seen as an obstacle to the lowering of interest rates, because high U.S. interest rates (relative to foreign interest rates) are needed to encourage foreign investors to buy dollar-denominated assets and thus offset the excess supply of dollars associated with trade deficits. On the other hand, the expansion school argues that government budget deficits do not generally or necessarily lead to high interest rates because a sufficiently expansionary monetary policy can always increase the supply of credit to meet additional demand from the government. If foreign-capital inflows fail to offset the excess supply of dollars associated with trade deficits, the advocates of expansion would prefer to let the value of the dollar drop rather than use higher interest rates to stimulate additional foreign purchases of dollar-denominated assets and thereby protect the dollar. In short, both



approaches agree that a more expansionary monetary policy is highly desirable; but the austerity approach suggests that an effectively expansionary monetary policy must be purchased at the cost of a more contractionary fiscal policy, whereas the expansion approach implies that effective monetary and fiscal expansion can and should be simultaneously achievable.

It is hardly surprising that most progressives have embraced the expansion rather than the austerity approach. For one thing, it enables one to reject summarily the demands of the U.S. corporate establishment for cutbacks in social spending and increases in taxes that would reduce government budget deficits at the expense of working people and the poor. Moreover, the expansion approach has a much greater potential for broad political support as a macroeconomic strategy for the United States in the post-Reagan years. Its Keynesian logic suggests that idle workers and resources can be mobilized in a positive-sum game from which everybody can benefit simultaneously. Like the supply-side dogma promoted by the Reagan administration in its early years—but with a considerably stronger foundation in economic theory and empirical evidence—the expansion approach promises economic gains without economic sacrifice.

The logic of the expansion approach is unassailable, provided that the contemporary U.S. macroeconomy would indeed respond to a stronger aggregate demand stimulus in appropriate Keynesian fashion by generating correspondingly higher levels of domestic real output and income. If it did so, we would expect tax revenues to rise and thereby reduce government budget deficits even without any increase in tax rates; we would expect levels of domestic saving to rise, helping to finance higher levels of private investment that would likely be stimulated by the growth of output; and we would expect imports to increase more rapidly than exports, providing additional net foreign savings to finance domestic investment. The one fly in the ointment would be the resultant increase in the trade deficit. It is quite doubtful that the more rapid growth of the domestic economy would attract an inflow of enough new (long-term) foreign capital to

offset the outflow of (short-term) foreign capital likely to be triggered by lower interest rates. Thus, even under the most favorable circumstances, we would expect balance-of-payments problems to put considerable downward pressure on the value of the dollar. But if the dollar would decline relatively smoothly, and if its lower value would lead without inordinate delay to a rise in U.S. exports and a fall in U.S. imports, then the problem of the trade deficit—like that of the budget deficit—would begin to take care of itself.

Pitfalls of Expansion

The expansion scenario is certainly very attractive. With a major shift in government budget priorities in favor of public investment (broadly defined), a macroeconomic strategy of expansion would enable total investment and productivity growth in the United States to increase without requiring greater fiscal austerity. We must recognize, however, that there are some potential pitfalls in pursuing such a strategy—pitfalls that underlie the concerns raised by the austerity school and that must be taken seriously by the left, in view of the particular historical circumstances in which the U.S. economy now finds itself. The relevant circumstances, which distinguish the current period from any other period in modern U.S. history, are an economy well integrated into an open international capitalist system, coming off five years of cyclical recovery, suffering long-term neglect of our physical infrastructure and educational system, and high government budget and trade deficits.

The first potential pitfall is that the aggregate demand stimulus from simultaneous fiscal and monetary expansion would lead not so much to higher domestic output as to higher domestic inflation and to an even greater imbalance between imports and exports than a successful expansion scenario. If the U.S. macroeconomy did not respond to greater aggregate demand stimulus with increased domestic production on any significant scale, then we would be back in the zero-sum world of the fiscal-austerity school—where investment cannot be increased unless (someone's) consumption is reduced, and the U.S. economy's problems cannot be

solved without the bitter medicine of increases in tax rates and/or cuts in public spending. But why might the U.S. economy in the late 1980s fail to respond in Keynesian fashion to the aggregate demand stimulus of expansionary fiscal and monetary policy?

There can be no question that in the early 1980s, following the protracted Volcker-Reagan recession from late 1979 to late 1982, the U.S. economy was operating well below its potential productive capacity. That is why the first several years of Reaganomic military-Keynesian demand expansion generated rapid growth in both employment and output from 1982 through 1985, while inflationary pressures were held in check by the size of the previous recession, the high value of the dollar, and the international decline in energy prices. Since 1985, U.S. macropolicy has been somewhat less expansionary, as growing trade deficits have increasingly offset the fiscal stimulus of the high budget deficits and monetary policy has been somewhat tighter. Although the pace of U.S. economic growth has therefore slowed down in recent years, the growth has continued; by the end of 1987, the official civilian unemployment rate had fallen below 6 percent and the capacity utilization rate in manufacturing industry had risen above 80 percent—both levels that had not been so favorable since the last cyclical peak years of the late 1970s.

It is true that there still remain several millions of involuntarily unemployed workers and a great deal of idle plant and equipment in the United States; current rates of utilization of the labor force and the capital stock remain below the levels achieved at previous cyclical peaks. But in the context of heightened competition in the open international capitalist economy and a longstanding neglect of infrastructural and human resource development, American firms are not well poised to compete with their foreign rivals to satisfy many of the demands that would arise from further domestic macroeconomic stimulus. With sufficient time, energy, and resources devoted to retraining workers and retooling workplaces, it would certainly be possible to respond to demand

stimuli with higher levels of domestic production and lower rates of unemployment. This will be essential for the long-run restoration of U.S. economic vitality. However, in the short run it may be impossible to avoid supply bottlenecks and inflationary pressures in key sectors of the U.S. economy if there is continued expansion of domestic aggregate demand. If so, much of the impact of expansionary macropolicy would be dissipated into price increases and higher imports rather than gains in domestic output and employment.

A second potential pitfall is one that could arise even if expansionary macropolicy did begin to elicit the Keynesian response of higher output and employment. As noted earlier, this would result in an increase in the trade deficit and considerable downward pressure on the dollar. The potential problem is that even a considerable fall of the dollar might fail to stem the trade imbalance. If the decline in (relative) prices of U.S. goods did not bring about a substantial increase in U.S. exports and a substantial decrease in U.S. imports, and if foreign governments were not willing to support the dollar with a massive infusion of credit, then the U.S. government would be obliged to increase interest rates to attract foreign private credit in order to prevent the international financial debacle of a precipitous collapse of the dollar. Thus, the expansionary monetary policy needed to stimulate private investment would be short-circuited, and expansionary fiscal policy would end up crowding out expansionary monetary policy.

This scenario suggests that the ability of future U.S. governments to lower interest rates as a means of promoting higher rates of private investment will be circumscribed until and unless the trade deficit can be brought under control. If a considerable fall in the dollar cannot alleviate the trade deficit, then a reduction in the government budget deficit may be the only feasible means of doing so available to U.S. economic policymakers. Macroeconomic stimulus from abroad—in the form of lower foreign interest rates and/or higher foreign government spending—would be much more attractive as an alternative to macroeconomic restraint at home under these

circumstances. This explains the eagerness of U.S. policymakers to prod our trading partners into pursuing more expansionary policies. But foreign decision makers have their own political and economic agendas, and plaintive cries for greater international "policy coordination" serve mainly to illustrate the increased vulnerability of the U.S. economy to economic forces over which domestic policymakers have no control.

It is difficult to evaluate at what point the potential dangers of (1) an inadequate domestic output response to aggregate demand growth and/or (2) an inadequate trade response to dollar decline would materialize. At this writing it appears that there is still room for a more expansionary U.S. macroeconomic policy—if only because the growth of consumer spending seems to have slowed down in early 1988. Moreover, the dollar has already fallen a great deal in the last few years and there is some evidence that this is finally beginning to have some favorable impact on the trade balance. Should the U.S. economy actually veer into recession in the near future—a possibility, but by no means a certainty—then fiscal austerity would be highly counterproductive and a Keynesian demand boost would certainly be helpful.

If recession is not around the corner, however, the U.S. economy will be able to benefit from only a limited dose of domestic fiscal and monetary expansion. There are signs of supply bottlenecks in some sectors, and—partly because of the much lower value of the dollar—the threat of inflation has increased. There is no question that the capitalist world economy as a whole is in desperate need of greater demand stimulus. But the United States is much closer to providing its "fair share" of the stimulus than any other major economy, and—if it has not done so already—it will soon reach the point where a more expansionary macroeconomic policy stance will redound primarily to the benefit of its competitors (a fate that befell the early expansionist policies of the Mitterrand government in France).

The upshot is that the current constellation of circumstances affecting the U.S. economy—to

a large extent the result of policies pursued by the Reagan administration—is such as to create serious obstacles to the success of a macroeconomic strategy designed to promote capital formation and productivity growth via simultaneous fiscal and monetary expansion. Ironically, economic conditions were ideal for the pursuit of such a Keynesian strategy six years ago. In the aftermath of the deep recession of the early 1980s, before the onset of the infamous twin deficits, it would have been possible to step up the rate of both public and private capital formation while simultaneously increasing levels of public and private consumption for the vast majority of Americans. But the opportunity to generate a sustained investment-led and productivity-enhancing expansion in a positive-sum environment was squandered in favor of an expansion dominated by growth in unproductive military spending and luxury consumption. Any such opportunity remaining today is far more limited in scope.

A Progressive Macroeconomic Strategy

There can be no question that increased public investment in physical infrastructure, in research and development, in the educational system, and more generally in the human resources of the United States will be essential to a program for long-run economic recovery. This is recognized by all but the most unrepentant free-marketeers. There is a similar consensus on the need to reduce real interest rates (recently down, but still high by historical standards) as an essential component of a program to promote more private capital formation. But how can these objectives be realized simultaneously if increased government spending means higher government budget deficits, if lower interest rates require more expansionary monetary policy, and if such a combination of increased fiscal and monetary stimuli soon generates rising prices and rising imports rather than drawing unemployed workers and idle resources into greater domestic productive activity?

Should private consumption demand continue to weaken and the U.S. macroeconomy enter into another recession, we would have an opportunity to undertake simultaneous fiscal

and monetary expansion without inviting an inflationary spiral and a balance-of-payments crisis. But in the absence of recession, or after a recession takes its course, we are still likely to have to confront the fundamental imbalances that have been built into the U.S. economy by six years of Reaganomic profligacy. How, then, can we resolve the basic dilemma posed above?

The answer given by the austerity school is that fiscal contraction must be accepted in order to permit monetary expansion: public and private consumption must be curtailed by cutbacks in government noninvestment spending and by higher taxes on personal income and/or consumer goods. This kind of bite-the-bullet answer tends to be rejected by the left on the grounds that the recommended cutbacks and taxes are regressive in impact, affecting primarily government spending for the poor and the real after-tax purchasing power of working and relatively low-income Americans. But the macroeconomic principle involved does not require such inequitable distributive consequences. To the extent that public and private consumption needs to be reduced, there are in fact plenty of feasible spending cuts and tax hikes that would disproportionately affect the well-to-do rather than the less-well-off.

What the mainstream austerity school tends to ignore, but no one on the left needs to be reminded of, is the tremendous waste inherent in government military spending. The Pentagon could surely meet the nation's current military commitments on a considerably slimmer budget, and a rational and humane U.S. foreign policy would permit even more substantial cuts. Furthermore, substantial amounts of other types of federal government spending currently serve to benefit disproportionately the middle and upper classes—e.g., bloated military and civil service retirement programs, agricultural subsidies, and Social Security benefits indexed in such a way as to provide beneficiaries with greater annual increases in purchasing power than most active workers. Without sacrificing the important political principle of universal entitlement to social benefits and without pushing small farmers or working-class retirees

into poverty, there is a great deal of scope for reducing the extent of federal largesse to the well-to-do. Systematic and judicious pruning of nonproductive government spending could release far more funds for public investment (and other meritorious objects of government spending) than cuts in what remains of public spending on behalf of the poor and the near-poor in the U.S. government budget. Moreover, any success in reducing budget deficits and interest rates would release additional funds for useful public spending by alleviating the currently huge burden of interest payments on the national debt.

At the same time, there is every reason for a progressive macroeconomic strategy to seek to finance part of the needed increases in public spending from higher taxes. The mainstream belt-tightening argument is that unless tax increases fall primarily upon lower-income and middle-income wage and salary earners, they won't have much impact in reducing private consumption but will instead serve to depress saving and investment. But this argument hinges on the belief that saving is done mainly by the rich and the recipients of property income, while consumption is done mainly by everyone else. The manifest failure of the Reagan program of regressive tax cuts to increase rates of saving and investment should provide sufficient evidence that there is no close or necessary link between the distributive impact of tax changes and their overall effect on saving and investment. A progressive fiscal policy could at the very least restore the tax rates cut by Reagan and thereby raise plenty of revenue for needed public spending without jeopardizing private saving and investment. A more discriminating policy of tax increases, aimed primarily at the consumption of the middle- and upper-income classes and combined with incentives to increase the rate of saving of lower-income groups, could do even more to raise public revenues in both an equitable and an efficient manner.

Insofar as aggregate demand restraint is compelled by the overall macroeconomic environment, then, a program of progressive fiscal austerity must be substituted for the

reactionary fiscal austerity prescribed by the corporate establishment. Such an approach, permitting increased productive government spending with reduced budget deficits, should then be combined with a much more expansionary monetary policy to combat the damaging consequences of the high real interest rates fostered by Reaganomic policy. Increases in the supply of money, in the context of reduced budget deficits and reduced government demand for credit, would assure lower nominal and real interest rates and help stimulate more private investment without unduly raising inflationary pressures. To prevent balance-of-payments considerations from interfering with the policy of monetary expansion, the U.S. government would have to be prepared to allow the value of the dollar to fall rather than try to defend it with higher interest rates. Given how far the dollar has already fallen by early 1988 and the recent evidence of some positive impact of the cheaper dollar on the U.S. trade balance, it might not in fact be necessary to let the dollar fall much further. But the objective of lowering interest rates must take precedence over any concern about the level of the dollar (short of a complete collapse, in which case additional fiscal austerity would be needed to permit monetary expansion).

Rejection of any cut in the U.S. government budget deficit and promotion of the growth of the money supply may be an acceptable initial response to the onset of another recession. But simply to stimulate domestic aggregate demand

without regard to the imbalances between consumption and investment associated with the current twin budget and trade deficits, is a wholly inadequate long-run macroeconomic strategy. Unless deliberate reallocative measures are taken to increase rates of saving, investment, and productivity growth in the U.S. economy, we will simply not have the wherewithal to generate higher standards of living and lower rates of unemployment in the future. By all means let us reject the reactionary austerity preached by the belt-tightening right. But we must recognize the strong possibility that a progressive form of fiscal austerity, along with a major shift in spending priorities and an expansionary monetary policy, will be needed to achieve some of the economic goals of the left.

In sum, it is not misleading to characterize the recent experience of the U.S. economy as one big party that must now come to an end. What is wrong is to suggest that the merriment has been enjoyed by more than a small minority of Americans—notably the rich, the yuppies, and the military. And what is unacceptable is to call upon those who have been excluded from the party to bear the burden of cleaning up the mess. Just as the stock market crash wiped out the previous year's unearned capital gains of the wealthy, so a major redistribution of income and reallocation of resources will be needed to overcome the regressive and deleterious legacy of the Reaganomic era. □

H. Brand

THE ESTABLISHMENT SHOWS ITS HAND

**A Post-Reagan Program for
Major Social Inequities**

The more thoughtful leaders of the American establishment realize that serious economic problems will be inherited from the Reagan administration. These include enormous budget and balance-of-trade deficits; a banking structure weakened by deregulation and vast indebtedness not only of developing countries, but of such key economic sectors as agriculture, real estate, and petroleum; and the still unascertainable aftereffects of the stock market crash.

The foremost spokesman for the business establishment has been Paul Volcker, former chairman of the Federal Reserve Board, who in the early 1980s used his powers to reduce employment, income, and the nation's productive potential in order to subdue inflation, which he largely identified with labor's wage claims. Volcker has been a vigorous advocate of shrinking the budget deficit in order to keep inflation at bay. His reasoning has been that the additional consumption generated by the budget deficit was the main cause for the excessive imports reflected in the trade deficit.

Is there really such a linkage? It has never, to my knowledge, been demonstrated. Nevertheless, the business establishment has made Volcker's analysis its own, popularizing it recently in large newspaper ads as "A Bipartisan Budget Plan."¹ Signed by corporate executives, former high government officials, and well-placed lawyers, this statement could reasonably be taken as the American establishment's program for the next period. One of

their proposals for coping with the budget deficit is "Cuts . . . in . . . entitlement, transfer, and subsidy programs that are not means-tested." In short, an attack on the Social Security system, the centerpiece of what little we have of a welfare state.

A more sustained argument, made with some skill, in behalf of this establishment position appeared in the October *Atlantic*, written by Peter G. Peterson, former secretary of commerce and an initiator of the "Bipartisan Plan." Here, then, is what the powerful of America think, and it merits close analysis.

Deficit Reduction

Peterson writes that we need stepped-up investment in fixed capital and lower domestic consumption because the competitiveness of the American economy must be improved in order to create a growing merchandise trade surplus. In turn, such a surplus is needed for reducing the enormous foreign debt incurred by the U.S. in recent years. "Too much" consumption, it is said, has caused high budget deficits and high labor costs, thus restricting the savings needed for adequate investment.

This argument has been advanced by prominent economists since the early 1970s, though they have provided little evidence in its behalf. But let us pursue the argument nevertheless.

There is surely good reason for reducing the budget deficit, if only because it imposes a growing burden of interest (much of which is

collected by banks and insurance companies). The deficit itself, however, has largely been financed by worldwide savings (which might better have been used for economic development elsewhere). How then is this deficit to be shrunk? By attacking, says Peterson, excessive entitlements, which have chiefly benefited "the middle class." In plain English: to means-test Social Security. No, he would not touch funds for those in need (who are means-tested anyway). Yes, he would cut military expenditures—though for him this is an aside. What really excites him is the supposed overconsumption the entitlements have given rise to. Attacks of this kind began in the early 1970s, once Social Security benefits began to be indexed to wage and price levels in order to relate them more closely to the recent earnings of retiring workers.²

Let's look at some of Peterson's assumptions.

Is consumption too high? Stagnant real wages, high poverty rates, the increasing inequality of personal incomes, and continued high tax burdens on lower income groups suggest otherwise.

Are entitlements the cause of the federal deficit? No. They are mostly funded from earmarked payroll taxes flowing into trust funds, and they generate surpluses year in, year out, in fact reducing the deficit.

Is investment too low? Most unlikely. The ratio of fixed nonresidential investment (mostly by business) to domestic output has fluctuated within a narrow range, the low and high points coinciding with cyclical down and upturns. Overcapacity persists in many American industries. The very size of the import excess points to worldwide overcapacity.

Is the U.S. debt to foreigners as critical an issue as Peterson and others make it out to be? And can it be resolved by efforts to turn the foreign trade deficit into surplus by promoting exports and constricting imports? In some sense the foreign debt is a critical issue, but creditors of a debtor representing so vast an economy as that of the United States are inextricably tied to it. Paul Volcker has said, "For years, those countries [Japan and Germany] have been dependent for growth mainly on high and rising export surpluses." Much of

the U.S. foreign debt represents the counterpart of those export surpluses. In view of that dependence and declining economic growth rates the world over, a push for more exports will not be effective for long. But there is a message in Peterson's prescriptions: reducing consumption spells downward pressure on worker compensation, including Social Security benefits, and if such pressure succeeds, is a promising way to "improve competitiveness."

In arguing his case that there is "too much" consumption (let's call it "overconsumption" for brevity's sake), Peterson makes much of the debt that presumably finances it. He writes that foreign borrowing financed the equivalent of 40 percent of net business investment in 1986 and all of net housing investment (by "net" he means after depreciation and scrappage). According to him, that "freed up" that year "a fantastic \$2,100 of extra personal consumption per employed American."

But there is a fallacy in this, arithmetical as well as conceptual. The average gross weekly earnings of nonsupervisory workers in all industries except government rose by just short of \$6 between 1985 and 1986, to \$304.85, or by about \$300 for the year. Where then does the extra \$1,800 come from? Even when total wage and salary disbursements in all industries, including government, are distributed over the employed workforce, the increase from 1985 to 1986 comes to but \$720.

The conceptual fallacy in Peterson's demonstration that "overconsumption" originates in excessive imports consists in the fact that no definable relationship exists between the aggregate foreign debt of the United States and the obligations of individual households (or consumption units). Whatever imports these units (or for that matter, business firms) buy, they pay for by the work they perform. In that sense they do not consume more than they produce; their books are always in the black (leaving installment debt aside for the moment).

The liabilities to foreigners created by the excess of total imports over total exports are *not* the liabilities of individual importers or of units consuming the imports. That these dollars accumulate in the accounts of foreigners or are

used by them to purchase U.S. debt instruments or stocks, instead of spending them on U.S. goods and services, is another matter and has nothing to do with "overconsumption."

Stagnant real wages may well have led to a relative increase in household indebtedness as people try to maintain living standards. Real hourly wages have not risen since 1973. In 1987, average weekly nonfarm earnings (outside government) ran about 8 percent below their 1979 level (after adjusting for increases in the Consumer Price Index). The real median family income in 1986, although higher than during the recession of the early 1980s, had not even, as yet, recovered its 1978 level.³ The ratio of consumer installment debt to disposable income did, however, rise from 15 percent in 1975 to 19 percent in 1985. Does this suggest "overconsumption"? The increase in the ratio of consumer installment debt to income was closely associated with soaring automobile prices (as well as the increase in the number of two-earner families, often requiring additional transportation). Automobile debt rose from 34 percent of total installment debt to 39 percent. Like other consumer durables, automobiles are often classed as investment goods because they provide economic services over long periods of time. Thus, the rise in consumer installment debt cannot be linked, statistically or conceptually, to "overconsumption."

Deficit Spending

Peterson speaks of deficit spending (here referring to the federal budget) as having been "the primary engine behind this consumption bacchanalia." He notes the change, under the Reagan administration, from a budgetary policy that by and large still linked spending and revenue to one that virtually broke that link. Leave aside the ideology that prompted the change. Did the deficit in fact contribute to "overconsumption"? Federal budget deficits may be analyzed into their cyclical and structural components. Parts of the deficits of the early 1980s were due to a falloff in revenue related to high unemployment, lower profits, and lower earnings. They arose also from increased outlays for unemployment compensa-

tion and other income supports. Unemployment compensation increased by 75 percent between 1980 and 1983, food and nutritional assistance by 28 percent, housing assistance by 78 percent, and other income supports by 23 percent, which hardly suggests that the deficit led to a "consumption bacchanalia."

At the same time, defense outlays rose 57 percent (on a much larger base than income supports). In economic terms, the size of the increase in these outlays enlarged the *structural* component of the deficit, as did the steep cut in personal and corporate taxes in 1981, with both stemming from policy rather than "automatic stabilizers." The tax cut permitted a significant rise in consumption, but it was evidently enjoyed mostly by upper-income groups. The after-tax real income share of the top tenth of all families rose from 29.1 percent in 1977 to 33.6 percent in 1984 (and an estimated 33.8 percent in 1988). The after-tax shares of the other nine-tenths of all families declined.⁴

For the lower half of the family income distribution, real income declined by 10 percent between 1977 and 1984, while for the families in the top tenth it rose by 10 percent. These figures hardly make a case for "overconsumption," except among the wealthy.

Peterson levels a vicious attack against the Social Security system—vicious because replete with fallacies that could have been avoided by consulting such standard works as Robert Ball's *Social Security, Today and Tomorrow* and by referring to the "Funds in the Budget" chapter of the *Special Analyses* volume of any U.S. Government Budget of recent years. If federal spending has ceased to be related to revenue, this "stems from our decision to transform most non-poverty benefit programs into untouchable and inflation-proof entitlements," writes Peterson. He alludes at least twice to that red herring upon which the Social Security system's opponents love to dwell—unfunded liabilities and their supposed burden upon future generations. Why red herring? Because of the fact that, unlike private insurance carriers (who must fund future liabilities in line with actuarially established risk), the federal government retains sovereign powers of taxation and borrowing, by means of

which it is always in position to fund its liabilities.

Peterson complains that Social Security benefits go mostly to “non-poor” persons or households. He would lower the initial benefit to the relatively well-off, which of course would spell means-testing of all the others. He would “reform”—that is, reduce or eliminate—benefit indexing. We have three issues here (other than the bogus one of unfunded liabilities): how Social Security is related to the federal budget; how well off its beneficiaries are; and why it has been (and should remain) free of means-testing.

Social Security benefits are paid out of a federal government trust fund financed from earmarked payroll taxes. The receipts of the government's trust funds have fallen short of expenditures in only one of the forty-eight years for which data are available. In the other years, the trust funds, of which about three-fifths account for the Social Security system in terms of outlays, have been in surplus. Those federal funds, on the other hand, that are financed from general tax revenues, have been in deficit most of the time. In 1986, for example, the federal funds deficit was \$283 billion. However, for purposes of the unified budget, the surplus from the trust funds offsets part of the deficit from federal funds, in 1986 by \$62 billion. To imply that Social Security entitlements worsen the federal deficit is thus simply false.

Social Security benefits have been rising in line with, and in recent years somewhat faster than, prices and wages. But they do not make recipients affluent or enable them to “overconsume.” Averages here mislead, but lack of space limits detail. According to the *Social Security Bulletin* (August 1987), the median income of family units whose head was sixty-five years old or older was \$12,407 in 1984, compared with \$20,295 for all ages. (Median means that half the families have incomes below and half above the indicated figure.) Social Security benefits account for about 50 percent of modal-income aged families, those whose income clusters near the median. The money income gap between aged

and younger family units is not narrowed by greater frequency of homeownership among the aged (it is about the same as that among units with heads thirty-five to sixty-four years old) or greater accumulation of equity in a home (which tends to be lower than for units with heads forty-five to sixty-four years old).

Because of legislation enacted in the late 1960s and early 1970s, the real value of Social Security benefits has greatly increased, which means that it has been compensating for a rising portion of the loss in earnings aged workers suffer. In 1985, the average annual benefit of a retired worker and his wife came to \$9,768, the equivalent of 49 percent of the average pretax weekly earnings of a manufacturing worker. In 1970, the ratio was 17 percent. Thus, the standard of living of the retired worker has come closer to that which he enjoyed while still working—an entirely positive development that affirms the idea that the benefit is a deferred wage payment.

But income distribution among the aged is as skewed toward the well-to-do as among younger units. Twenty percent of aged family units received nearly half of all the income of the aged in 1984, and 40 percent received 15 percent of this income. The upper fifth averaged more than \$34,000 per family unit in 1984, the lower two-fifths \$5,374. Reflecting differences in earnings history, the former received \$6,000 in Social Security benefits per unit, the latter just over \$4,000.

Peterson would lower the benefit of the aged well-to-do units, as well as tax it. Taxing the benefit is objectionable because it is derived from employee earnings on which income and payroll taxes have already been paid. A more important objection is to Peterson's proposal to gear the benefit to the income of the aged. This would destroy the entitlement character of the system, for the benefit would no longer be seen as an *earned right*.

Surveying old-age assistance systems the world over, the Social Security Board wrote in 1937 of “the widespread objection to the means-test basis of noncontributory old-age assistance, and the desire to make grants available as of right on arrival of old age”—a desire shared by working people worldwide in order to live out their lives in dignity. In effect,

Peterson would means-test even contributory old-age benefits, defeating the principle on which the Social Security system has been based, and because of which it has succeeded.

What About Investment?

We turn to Peterson's claim that net investment is "too low." I gather that by net investment he means fixed investment in plant and equipment after replacement of depreciated or scrapped capital; that it is too low in relation to consumption or (possibly) total output of goods and services; and that its inadequacy manifests itself in the lag of U.S. exports behind imports. In recent years, the equivalent of two-thirds of total fixed investment in nonresidential and residential equipment and structures has been financed in effect by the inflow of foreign funds, the counterpart of the import excess. But if foreign savings do supplement domestic savings, how can it be argued that fixed investment is too low?

The ratio of total (or gross) domestic investment in business and residential facilities and structures to the Gross National Product has for decades fluctuated around 12 percent. When investment in consumer durables is added, the ratio rises to 24 percent. Peterson avoids the term gross investment—which includes replacement of depreciated and obsolete equipment and structures plus new fixed investment. He insists on talking about net investment (that is, additions to investment after replacement). But net investment has come to be a nebulous concept; It is also hard to measure; and he cites no data to support the point he is trying to make. The distinction between gross and net fixed investment has become ever less meaningful, inasmuch as the replacement part of fixed investment most likely embodies all the technical advances that one expects from new (net) investment. As Harold G. Vatter has written, the rising impact of knowledge, training, and skills ("human capital") upon productivity improvement diminishes the relative importance of additions to fixed capital in raising output. Between 1949 and 1978, Vatter writes, net fixed investment grew at an annual rate of 0.9 percent, while

production of goods and services (outside government) increased at an annual rate of 3.5 percent. "Thus, potential output growth at about 3 percent a year is already within reach in the absence of any net fixed investment."⁵

More generally, claims about the "inadequacy" of capital formation in the United States and the usual international comparisons indicating faster growth abroad in the pertinent measures, are rendered dubious, if not belied altogether, by the vast size of the American economy. The GNP of the United States was 39 percent greater in 1985 than the combined GNP of all nineteen European OECD nations, and three times that of Japan. Its real product per worker—its productivity—by far outranked that of Japan, Germany, and all other industrial nations except Canada. U.S. business is supported by a stock of capital that, between 1980 and 1986 alone, grew by more than \$525 billion (in constant dollars)—roughly half of the value of the GNP for 1970.

These few facts indicate that no shortage of investment, net or gross, exists, and that to produce more and consume less, as urged by Peterson and other establishment spokespersons, misinterprets the problem confronting the American and, with it, the world economy. That is the problem of slowing economic growth, a subject too complex and important for brief discussion.

Peterson's prescriptions for reducing "over-consumption" point to a broadly reactionary but also, from his point of view, more promising foreign trade policy—one essentially aimed at reducing the costs of labor and of the social wage embodied in entitlements. It is significant that he praises President Reagan for having broken the air traffic controllers' strike in 1981, and thus having compelled a "moderation" of the "wage binge" of the 1970s—significant because that event, now seven years in the past, is evidently viewed by Peterson as a model for repressing "excessive" wage claims. He believes it to be inescapable that real after-tax employee compensation must fall, that the purchasing power of Social Security benefits must be reduced, and that real

government spending must decline or, at best, stagnate. All this so as to increase savings and thus capital formation. It is in fact, however, a prescription for economic decline, inasmuch as investment has been historically demand-driven. It is a prescription that must be resisted.

It must be resisted by opposing any cutbacks in Social Security benefits. The competitive pressures that industry has used as the rationale for reducing employment and for holding down wages and salaries and the structural changes that these pressures often indeed compel should

be mitigated by import quotas and other protective measures. The dollar, as well as other leading currencies, should be stabilized—for example, through controls on capital flows entering and leaving the country. The economic agenda of Big Business upon which Peterson elaborates must be rejected. International cooperation to secure high employment and decent incomes and to develop domestic markets rather than spur “export-led” growth should rise to first place in a progressive economic agenda. □

Notes

¹ See the *New York Times*, Nov. 9, 1987, pp. 16 and 17.

² For a brief discussion, see Robert M. Ball, *Social Security, Today and Tomorrow* (New York: Columbia University Press, 1978), pp. 447 ff.; and Michael Darby, *The Effects of Social Security on Income and the Capital Stock* (Washington, D.C.: American Enterprise Institute for Public Policy Research, 1979).

³ U.S. Bureau of the Census, *Money Income and Poverty Status of Families and Persons in the United States, 1986*

(Washington, D.C.: U.S. Government Printing Office, 1987).

⁴ Congress of the United States, Congressional Budget Office, *The Changing Distribution of Federal Taxes: 1975–1990* (Washington, D.C.: U.S. Government Printing Office, 1987).

⁵ Harold G. Vatter, “The Atrophy of Net Investment: Some Consequences for the U.S. Mixed Economy,” *Journal of Economic Issues*, March 1982, p. 237.

SAUCE FOR THE GOOSE

More than 175 top corporate executives signed two-page newspaper ads last week demanding that “immediate self-interest” be sacrificed to reduce the federal budget deficit and “rescue our economy.”

“Put everything on the table except programs for the poor,” the group, led by former Commerce Secretary Peter G. Peterson, said in ads placed in the *Washington Post* and the *New York Times*. “The burdens of deficit reduction should be shared fairly among all of us who can afford them,” the ads said.

All of us *except* some of the companies run by the executives who signed the ads, that is.

The chairman of Bethlehem Steel Co. signed the ads at the same time the company is asking Congress to lift some of the burden of the past pension promises it made to employees. So did Dwayne Andreas, chairman of Archer-Daniels-Midland Co., which benefits from the government’s ethanol subsidy.

Also signing were the chief executives of Chrysler Corp., Cigna Corp., International Business Ma-

chines Corp. and Kaiser Aluminum & Chemical Corp, even as their lobbyists sought to preserve or create special tax breaks that add to the deficit.

. . . Several of the businessmen who signed the ad insisted the programs that benefit their companies reflect special circumstances, correct inequities or are otherwise justified. . . . And, of course, business executives often argue that their workers, stockholders and the entire economy benefit when corporate tax bills are lower.

. . . One-time tax breaks aren’t the only benefit enjoyed by some of the companies whose executives signed the ad. Robert McIntyre, director of Citizens for Tax Justice, a labor-backed lobbying group in Washington, said that thirty-one of the companies didn’t pay any federal income tax in at least one year between 1981 and 1985 even though they were profitable.

From the *Wall Street Journal*
November 19, 1987,
by David Wessel.

Assistance provided by Monica Langley.

VISION AND IDEOLOGY

How They Affect Economic Thought

What lies behind the veil of economics? Vision and ideology. What does the complicated subject matter of economic analysis conceal from view? Our deep-lying, perhaps unanalyzable notions concerning human nature, history, and the like; and the various disguises by which we come to terms, especially in capitalist society, with the primary but hidden sources of social orchestration—domination and acquiescence on the one hand, affect and sociality on the other.

The problem of vision and ideology remains imperfectly examined. It lingers like an unwelcome presence, casting its shadow even when the pejorative word *ideology* has been replaced by the neutral *belief system*, or when the mystical and antiscientific term *vision* is announced as the “preanalytic cognitive act” without which the work of science cannot begin.

If, as I deeply believe, there is no escape from the influence of visions and ideologies, then we must learn to live with them—not by abandoning all hope of examining society in a dispassionate and penetrative manner, or by resigning ourselves to becoming mere lackeys of interest and slaves of unexamined promptings, but by taking the measure of these hidden forces as best we can.

Let us begin by taking up the question of ideology at its worst. By “worst,” I do not mean a deliberate and knowing misrepresentation or manipulation of the truth. No doubt

some economists lie, as does everyone from time to time, but that is not the problem the term conjures up. Ideology, even in its extreme interpretation as lying, means *lying on behalf of an idea or an interest*. Moreover, I suspect that except in the rarest cases, lying on behalf of an interest is not performed as an act of conscious immorality, but because the ideologue is sufficiently convinced of the righteousness of his cause to justify admittedly “exaggerated” or “strictly” incorrect statements by some metamoral calculus.

Can one recognize such “blatant” ideology? I believe it is usually easy to do so, as a few examples may illustrate. In *Free to Choose*, Milton and Rose Friedman write:

Much of the moral fervor behind the drive for equality of outcomes comes from the widespread belief that it is not fair that some children should have a great advantage over others simply because they happen to have wealthy parents. Of course it is not fair. However, unfairness can take many forms. It can take the form of inheritance of property—bonds and stocks, houses, factories; it can also take the form of the inheritance of talent—musical ability, strength, mathematical ability. The inheritance of property can be interfered with more readily than the inheritance of talent. But from an ethical point of view, is there any difference between the two?

The answer to their question is that there is indeed a difference. It is that we do not attach any *moral* significance to unfairnesses that arise from the dispensations of nature, whereas we do attach such significance to those imposed by society. It is not considered to be a *moral* wrong that one person is beautiful and another ugly, but the fact that one person is rich

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and another poor can indeed be considered a breach of morality. Thus the issue is not at all that of “equality of outcomes,” but of a distinction between social, and therefore *corrigible*, inequalities and natural—presumably incorrigible—handicaps and advantages. (It follows that if plastic surgery can change ugly people into beautiful ones at acceptable cost, then beauty, like wealth, may become a candidate for moral concern.)

That which is manifestly ideological in the “worst” sense, here, is that the Friedmans would, I am certain, recognize and pounce on the flimsy nature of their argument, if it was presented to them in defense of some principle in which they disbelieved. It is their failure to apply the same degree of intellectual rigor to their own arguments as they would to those of the opposition that makes their statement an obvious example of “blatant” ideology.

A few other instances deserve mention, even if only in passing. In *The Way the World Works* Jude Wanniski writes, “A child’s principle [sic] trading partners are his parents,” and “In mother and father, the child has a diversified portfolio.” This “economistic” representation of human nature, which runs through the book and supports its strong free-enterprise orientation, is a reductionist depiction that would put the most vulgar Marxism to shame. Yet Irving Kristol, who has a sharp eye for such reductionisms when committed in the name of Marxism, is quoted on the paperback jacket of Wanniski’s book to the effect that it is “the best economic primer since Adam Smith.” Along similar lines, George Gilder tells us in *Wealth and Poverty* that “capitalism begins with giving,” a view that appears to change the meaning of “giving” one hundred and eighty degrees, insofar as the drive to accumulate is described by Gilder as “altruistic.”

In yet another example, Robert E. Lucas, a well-known conservative theorist, makes this reply to the question of whether governments do not try to resolve social injustice: “That wouldn’t be anything like my view. I can’t think of explaining the pharaohs as being in existence to resolve the social injustice in

Egypt.” I think they perpetrated most of the social injustice. The point at issue is not whether the pharaohs were, in fact, the perpetrators of most of the injustice in ancient Egypt, but why “government” conjures up pharaonic Egypt for Lucas, not Lincolnian America. I leave the worst of the worst for last: Gordon Tullock, writing on the *Economics of Income Redistribution*, ranks the crop-restriction program of the New Deal “with the work of Stalin, Hitler, and Mao among the major mass murder programs of our time.” A reviewer in the *Journal of Economic Literature* writes of this claim, “[E]ven slight damage would be hard to prove. For Tullock’s unsupported claim of mass murder (which implies also intent), the irresponsibility is enormous.”

In all these instances, ideology is identifiable either by its indifference to the generally recognized facts of economic or social or political life, its manifestly weak or question-begging logic, or by its reckless overstatement. Of course we find precisely the same flaws in the blatant ideologies of socialism as in those of capitalism. In one case as in the other, however, there is no reason to fear that ideology ineluctably pushes its spokesmen into excesses of apologism or polemic. It is possible to present beliefs, no matter how passionately held, in a manner that weighs evidence, considers alternatives, and makes assertions as hypotheses, not dogma. Indeed, the strongest belief statements usually have this quality of modesty and diffidence, which immeasurably strengthens their plausibility.

Subtle Ideology

Blatant ideology is thus not the aspect of the veil of economics that I find interesting or important. Of far greater consequence are statements that have none of these egregious defects but that must nonetheless be revealed as “ideological” because they can be shown to be false or contradictory, *although not wittingly so*.

Let me again illustrate the problem with a few examples. A generally held idea of conventional economics is that its fundamental

conceptual building block is the idea of the “rational, maximizing individual.” I have dealt elsewhere with some of the empirical difficulties that attend the use of “rational” and “maximizing,” but let us now consider a more fundamental difficulty that reveals the unexamined nature of the premise on which the concept is reared.

The key word is “individual.” Virtually the first act the individual is called on to perform—in a hundred textbooks, not in life—is the rational, maximizing allocation of his or her income. What is the problem here? It is that *income* is intrinsically a social concept, whereas “individual” is intrinsically a nonsocial one. There can be no “income” in a Robinson Crusoe economy of a single individual. No doubt a solitary person can apportion his energies as he wishes, including in a rational and maximizing fashion, but energies are not “income”—if they were, all energetic individuals would be rich without further ado. (Many texts compound the conceptual problem by asking the individual to allocate his *wages*—introducing a class term as well as a social one.)

What we have here is a logical lapse that is not recognized as such. Moreover, even if it were so recognized, its power of belief conversion is small. I cannot imagine a conventional economist, who may have just encountered for the first time the illogicality of the concept of the income-allocating individual, renouncing his confidence in the belief structure of economics that is erected on that concept. The interests that this structure serves are too broad and deep to be dispelled by mere disproof. Belief structures linger on, almost impervious to fact or logic, because they allay the “tumult of the imagination”—the anxiety, we would say—that Adam Smith cogently identified as the primary need to which theorizing addresses itself.

As I have written elsewhere, this stubborn persistence of value judgments arises because the economist does not engage in his analysis from a wholly disinterested position, indifferent to the conclusions to which his analysis may lead:

[T]he social investigator is inextricably bound up with the objects of his scrutiny, as a member of a group, a class, a society, a nation, bringing with him feelings of animus or defensiveness to the phenomenon he observes. In a word, his position in society—not only his material position, but his moral position—is implicated in and often jeopardized by the act of investigation, and it is not surprising, therefore, that behind the great bulk of social science we find arguments that serve to justify the existential position of the social scientists.

There are many examples of the staying power of belief systems despite their internal weaknesses. Perhaps the best known of these is the conflation of the physical agencies of land and resources with the social claims of “Land” and “Capital.” At least since the time of John Stuart Mill, economists have understood the difference between the contribution of actual land and resources to production and the claims of their owners to a share in the product. The fact is, however, that economists continue to anthropomorphize property, speaking of land and capital as if they were embodiments of will and energy who would not perform their tasks if “they” (not their owners) were not motivated or rewarded by income. In this way, “land, labor, and capital” are identified as the “factors of production,” thereby tacitly eliding the crucial social difference between labor and property.

It is in this manner that economics spreads its ideological veil over capitalism, shielding from inspection its regimelike character and allowing us to see instead a depoliticized and desocialized “price system.” The belief-systems by which we perceive capitalism in this manner present for our analysis very different *kinds* of problems from those that would strike us if we perceived it as otherwise. By screening out all aspects of domination and acquiescence, as well as those of affect and trust, it encourages us to understand capitalism as fundamentally “economic”—not social or political—in nature. Indeed, as we have seen, it establishes the concept of “economics” itself as a mode of social articulation that is separated from—not built atop—older modes of social orchestration.

Can We Be Unbiased?

I have said that ideology penetrates and permeates economics, not because its telltale signs cannot be discerned, but because its capacity to allay the need for a value framework cannot readily be overcome.

Is there then no possibility of throwing off the biases and prejudices—in politer words, the value judgments—of ideology? Must economics, of necessity, always bear the marks of its subservience to a social order? Is the invocation of science as the ideal of economics no more than a chimera—worse, a pious self-deception?

I do not ask these questions rhetorically, to set the stage for a ringing defense of economics-as-science. If my preceding argument has any validity, it makes impossible such a last minute resort to intellectual patriotism. Ideology is *part* of economics—not the whole, but a constitutive part. Its motivations are not only powerful, indeed inescapable, but legitimate. We cannot expect the commandments of scientific discipline to override these considerations, especially insofar as science itself is not immune to protecting its belief systems from a confrontation with unwelcome ideas.

What, then, can be said? I shall make a few points that will not remove the problem of ideology—it is irremovable—but that may make it easier to accept and to use it constructively:

1. It is possible to construct alternative ideologies. The alternative views are certainly not themselves immune from the charge of being “ideological” in their nature—that is, of containing arguable premises, perhaps internal inconsistencies. The historical basis or bias of my own views can readily be challenged. The centrality of power and affect, crucial to my discussion, can certainly be contested. The interpretation of the market system as a mode of social integration that conceals older forms of social discipline is equally open to disagreement or rejection. What is important is to agree that more than one set of conceptual elements can be formulated to explicate the problems to which economists set their minds. Thus, no single reading can be adjudged the Truth. I emphasize this statement because I sometimes fear that economists more than scientists yield to the temptation of asserting their belief systems as *true* belief systems. That simple



admission of fallibility, consciously held and vigorously maintained, is enough to loosen, although not to untie, the constraints that ideology imposes.

2. The tasks of science and ideology are different. Science is concerned with the testing of theories about the empirical world. Its reach does not extend to the creation of the conceptual units by which that world assumes its “empirical” form. Science concerns our comprehension of how the world functions, not of how we perceive it in the first place. As the example of modern physics makes clear, science often busies itself with concepts whose “meanings”—even whose “existence”—is only a mental convenience to allow theorizing to take place: thus we have “particles” that have “color,” “charm,” “strangeness,” and the like.

With economics too, the reach of economic science cannot extend to the matter of concept formation. Such building blocks of economic theory as “individuals” or “society,” “utility” or “value,” “labor” or “capital,” are created by observers from the protean stuff of the external world and inner promptings. They are, if you will, “metaphysical” or, perhaps better, heuristic. As we have seen, these concepts may lead to logical contradictions or paradoxes, or they may have no operational usefulness. On the basis of science and logic they should therefore be discarded, and replaced by other constructions and conceptions. None of them, however, will ever be able to claim science as its paternity. The mother and father of all social constructs remain of necessity the human being who is driven to “discover” concepts in order to come to terms with its existential plight. Of necessity, these concepts must embody the value-laden elements that is their primary *raison d’être*.

3. Such an acknowledgment does not remove ideology but legitimates it, and defines its task vis-à-vis that of science. Ideology, or belief systems, to give them their more acceptable name, provide us with the comprehension by which the natural world is transformed into the social world. Science then explores and examines the empirical data that *this particular set of values identifies*, con-

structs theories from the data that have been identified as relevant, tests these theories, usually by examining the robustness of their predictive implications, and alters its beliefs if the theories fail to yield useful results.

We mainly discover this application of science in the open and inquiring stance with which most economists approach the “workings” of the system. I put the word into quotes, however, because the workings refer almost exclusively to movements on the surface of the economy—what I have described as its “market” aspect—rather than inquiring into the social and political depths below—my concept of a “regime.” That is why economics manages, with real resemblance to natural sciences, to take up and discard one “theory” after another—monetarism, supply-side economics, rational expectations, and whatever will come next—and that is why it elevates this willingness to try on and discard theories like clothing, as testifying to the scientific status of the discipline.

That which remains unacknowledged is the substratum of beliefs that causes us to structure our perceptions in terms of an “economy” rather than a sociopolitical order; or to see “individuals” rather than individuated social beings; or two realms rather than a single unstably constituted regime. If I am correct that capitalism is moving through a period of difficult adjustment, perhaps the discrepancies and inadequacies of its regnant belief system will intensify, leading to a differently constituted, more historical and self-scrutinizing set of conceptual building blocks. But that is no more than a possibility. Dogma and increasingly rigid orthodoxy are responses to challenge as much as reflection and adaptation.

Defining Vision

The question of how a social order might respond to challenges against its belief system brings us to the question of vision—our deepest, often only half-consciously held notions with respect to such vast but vague ideas as “human nature” or “society,” “history” or “progress.”

Visions differ from ideologies in at least two significant ways. The first is that they are never

falsifiable in the sense in which at least some ideological concepts can be shown up as partial construals of reality (pharaohs as government) or excessive description (crop restriction as mass murder). In the visionary rather than ideological preface to inquiry, we treat of human behavior or social existence as "tendencies." No appeal to past or present experience can confirm or disconfirm these statements. Our visions are concerned with such matters as the "natural" orientation of human society toward hierarchy or toward equality; the pacific or aggressive "nature" of the human species being, and its capabilities for socialization; the resemblance of social systems to biological orders; and yet other fundamental preconceptions about social reality. Such general preconceptions cannot be proved or disproved—or worse, can all too easily be "proved" or "disproved" by appeal to historical example or introspection. History and introspection will provide some support for many such general assertions, but it will also yield evidence for contrary kinds of generalization. This is because the human psyche is itself full of contradictions, all aspects of which are mirrored in historical experience. There is no way of claiming precedence for one aspect of the psyche over another—love over hate, conformity over individuation, even self-interest over affect. Visions remain visionary.

Second, our visions, unlike our ideological beliefs, never contain logical contradictions. They are constructed at too high a level of abstraction to entail illogical consequences. The perception of history as progress or stasis or decline, of society as necessitously hierarchical or tendentially egalitarian, of human nature itself as given or made, not only defies all laboratory concepts of "testing," but gives rise to no paradoxes or logical flaws. Visions are not logical constructs.

At this deepest level of social inquiry our analytic and expository powers diminish almost to the vanishing point. We can say very little as to the sources of these constellations that we project into the social universe. Few of us can trace to their social or personal roots the experiences that frame our own visions. Why each of us becomes radical or conservative, reformist or cynical, optimist or pessimist remains, in general, a problem of near impenetrable complexity—or, worse, a problem whose profound importance and elusive character do not even enter our minds.

Yet there is little doubt as to the immense constructive power of our visions. Schumpeter is right: without vision there can be no analysis. There will be nothing to analyze. There will be no "world," no "problems," no "tendencies," no possibilities. My central placement of ideology and vision is therefore not intended as a retreat to a hopelessly personal or pointlessly reductionist view of economic inquiry. There is ample room for economic analysis, indispensable for unraveling the movements of a capitalist system. But the analysis cannot begin without the conceptual units of a belief system; and this belief system, in turn, must reflect the nature of the human adventure as we half-consciously—perhaps wholly unconsciously—understand it. Thus it is not to diminish the idea of economics that I seek to reveal ideology and vision beneath its veil. If ideology is to be criticized, vision is to be celebrated. Values come first in our search for meaning in history and society. Too often a vehicle for mystification, economics can best become an instrument for enlightenment if we see it as the means by which we strive to make a workable science out of morality. □

GERMAN HISTORIANS DEBATE THE NAZI PAST

A Dress Rehearsal for a New German Nationalism?

The *Historikerstreit* or historians' controversy that erupted in summer 1986 was an intellectual event unprecedented in postwar West Germany. Its importance lies less in its originality or profundity than in its intensity. Never before have the "spirits" been so divided, the polemics so fierce, the political fronts so immobile, or the issues so interlaced. The *Historikerstreit* was at once a conflict over the meaning of the Nazi past, historical method, generational perceptions, the uses of anti-Communism, and the possibility or impossibility of a post-Auschwitz German national identity. In the words of Jürgen Habermas, it was a "debate over the self-understanding of the Federal Republic."¹

Conducted mainly in West Germany's major newspapers, especially the conservative *Frankfurter Allgemeine Zeitung* (FAZ) and the liberal Hamburg weekly *Die Zeit*, the *Historikerstreit* followed the Kohl government's efforts to achieve a positive symbol of normalization at Bitburg. This course, aimed at ending West Germany's "negative" self-image, was provoked by conservative fears, which emerged during the missile debate of 1983-4, that Germany might be governed by a left coalition with neutralist leanings and hostile to the U.S. The chancellor's insistence on Bitburg, despite strong American disapproval, coincided with a number of other signs that the government had its sights set on normalization *über alles*. Christian Democratic Parliamentary Chairman Alfred Dregger's brackish appeal to the Bundestag for a monument indiscriminately honor-

ing all the dead of the war during a "National Day of Mourning" (its very language, *Volksstrauertag*, recalled the idiom of the era it wanted to forget) made it clear that a leveling of distinctions was on the agenda. Franz Joseph Strauss's remark during the 1987 election campaign that Germany should "emerge from the dismal Third Reich and become a normal nation again" summed up this mood unabashedly. The *Historikerstreit* soon became a public debate among German intellectuals on the limits of "normalization."

Kicking off the Debate

The opening salvo was a disturbing article by the West Berlin historian Ernst Nolte, published by the FAZ on June 6, 1986, entitled "The Past Which Will Not Pass On." Nolte mused in print on why Nazism refused to recede into history according to the "simplest rules valid for any historical past," and why "more than anything else it was the memory of the 'Final Solution' which contributed to a past which would not pass on."² Nolte also wondered if there were not certain "interests" at play here, like those of the "persecuted and their descendants," who sought "the permanent status of a select and privileged existence." The most "original" of Nolte's musings concerned the historical origins of Nazi crimes against the Jews:

Did not the National Socialists, did not Hitler commit an "Asiatic" deed only perhaps because he and his kind considered themselves potential or

real victims of an "Asiatic" deed? Was not the "Gulag Archipelago" antecedent to Auschwitz? Was not the "class murder" of the Bolsheviks the logical and factual *prius* of the National Socialist "race murder"?

Nolte did not deny the horror or the uniqueness of the Holocaust. But he added, "with the singular exception of the technical procedure of gassing," everything that the National Socialists did was already described in the literature of the 1920s. Hitler's crime against the Jews was a plagiarism born out of a fear of self-annihilation, a defensive reaction to another terror—establishing a "causal nexus" between Bolshevism and Hitler. In an article first published in 1980, Nolte wrote that the "so-called annihilation of the Jews during the Third Reich was a reaction or a distorted copy and not a first act or an original."³ Auschwitz is not a German crime, nor a product of German history, nor primarily a result of traditional anti-Semitism, he claimed. "It was in its core not merely a 'genocide' but above all a reaction born out of the anxiety of the annihilating occurrences of the Russian Revolution."⁴

Nolte's article coincided with the publication of a small volume of two essays by the Cologne military historian Andreas Hillgruber, *Two Kinds of Collapse: The Shattering of the German Reich and the End of European Jewry*.⁵ The first essay laments the Russian conquest and the loss of Germany's Eastern territories, while the second is a dry account of the Nazi crime against the Jews in light of recent historical works on anti-Semitism.⁶ Hillgruber never explicitly connects the two essays, but their juxtaposition creates a parallel between German and Jewish suffering—if not an eradication then a leveling of the distinction between them. At the very least, the German tragedy that he later called (quoting Alfred Heuss) "the gravest consequence of the war"—the loss of the German East and the fate of its population—competes with the Jewish catastrophe for preeminence.⁷

Hillgruber's departure from conservative conventions is less in his ideology than his view that the historian

must identify with the concrete fate of the German

population in the East, and with the desperate and costly sacrifices borne by the German Army and Navy in the East, who tried to protect them from the orgies of revenge of the Red Army, from mass rapes, arbitrary murders, and forced deportations, and who tried to keep the escape routes of the East Germans . . . to the West open in this last phase.⁸

The unemotional tone of the essay on the Jews contrasts sharply with his elegy to the German soldier's sacrifice "for the centuries-old German area of settlement, the *Heimat* of millions. . . ." ⁹ In this *Niebelungenlied* to the struggle of the old *Mitteeuropäische Reich* against the onslaught of red barbarism, even the "highest officers of the NSDAP" (Nazi or National Socialist Workers' Party), despite some obviously wretched excesses, achieve a romantic *Heldentod* in their "desperate defensive struggle for the preservation of the autonomy of the great power position of the German empire, which, according to the will of the Allies, should be destroyed."¹⁰

Hillgruber's sharpest prose is reserved, not for Soviet barbarism, but for the Western Allies, especially the British, who, he believes, sealed the fate of Germany by capitulating to Stalin's plans for a dismemberment of the Eastern territories before, and without regard to, the crime against the Jews. For Hillgruber the destruction of the German Army, the terror unleashed by the Soviets, and the loss of the German East are consequences of blind anti-Prussianism: "the extremely negative, cliché-riddled image of Prussia of the leading Western statesmen." The Allied failure accurately to assess the value of German conservative aims in the East sacrificed Germany to Soviet hegemony in Europe. In this way German expansionism—divorced from Hitler's personal war aims (e.g., the Jewish catastrophe)—is relegitimized. The defense of the nation is divorced from the catastrophic policies of the leader, the expansionist dance from the lunatic dancer. Hitler's crime is the betrayal of Germany's continental aspirations:

with the amputation of the Prussian heartland in the East, the geopolitical, spiritual-historical, and social-historical foundations on which the Bismarck Reich stood, and upon which its autono-

mous power political role between East and West . . . rested, were played out.

If the two essays are read side by side, it is difficult to escape the conclusion of the publisher on the dust jacket “that the amputation of the Reich in favor of a greater Poland was a war aim of the Allies long before Auschwitz.”¹¹

At almost the same time that Nolte’s article appeared in the *FAZ*, the Erlangen historian Michael Stürmer, Helmut Kohl’s adviser and speechwriter, participated in a stormy session of the *Römerberggespräche*, a Frankfurt symposium series. Stürmer referred to the “guilt obsession” that had left Germans a people without a history, “the sons of nothingness.”¹² This lack of historical identity made Germans politically unreliable, their past plagued by “unconditional war” and their present by “unconditional peace.” Stürmer strongly supported two museum projects of the chancellor, a German historical museum in West Berlin and a museum of the Federal Republic in Bonn, because: “In a land without history he who fills memory, coins the concepts and interprets the past, wins the future.”¹³

This might never have become a scandal if Jürgen Habermas, West Germany’s most renowned social philosopher, had not responded in *Die Zeit* with an extraordinary article called “A Kind of Damage Liquidation.” Habermas accused Nolte, Hillgruber, Stürmer, *FAZ* copublisher Joachim Fest, and another well-known historian, Klaus Hildebrand of Bonn, of “apologetic tendencies,” of “a revisionist history in the service of buoying up a conventional national historical identity.”¹⁴ Stürmer’s vague demands for a “higher creation of meaning,” he argued, obliterated German complicity in Hitler’s triumph, whereas Hillgruber’s identification with the *Wehrmacht* makes identification with the real victims *ipso facto* impermissible. Still more important, Habermas discovered the 1985 English-language version of Nolte’s earlier essay, where he revived one of the most scurrilous shibboleths of neo-Nazi propaganda (first propounded in historical circles by David

Irving): the alleged September 1939 “declaration of war” by Chaim Weizmann, then speaking for the Jewish Agency. Weizmann’s appeal to Jews to support Britain and the democracies (ironically, directed largely against Ben-Gurion’s anti-British policy), Nolte wrote, “might justify the consequential thesis that Hitler was allowed to treat the German Jews as prisoners of war and by this means intern them.”¹⁵ “In this terrible context,” Habermas adds, “the annihilation of the Jews appears merely as the unfortunate result of a nonetheless understandable reaction to what Hitler must have perceived as the threat of annihilation.”¹⁶

Recalling Karl Jaspers’s role in the immediate postwar era, Habermas accused the *FAZ* “ideology planners” of “mounting a campaign for a revision of the Nazi past.” Habermas condemned the “relativization” of Hitler’s crimes under the guise of historicizing them. He also focused public attention on the exculpatory purposes of the new historical revisionism, which promised to “shake off the mortgage from a past happily freed of morality.” The *FAZ*, he concluded, pressed this campaign because it solved a dilemma that Stürmer himself identified when he wrote, “Germans must find their identity in a divided Germany, which is no longer grounded in the nation state, but is also not possible without the nation.”¹⁷

Several days later Hildebrand accused Habermas of lacking knowledge of the sources, falsifying quotations, and applying “censorship” to “parallels” between the annihilatory quality of “communism and National Socialism.”¹⁸ He reiterated Hillgruber’s view of the German tragedy: “squeezed between the arch evils of the century, between Hitler and Stalin, between a destruction under the sign of race or the sign of class.”¹⁹ And he underscored the point that the defeat of Germany and its subsequent “dismemberment” was a capitulation to Stalin, “tolerated” by the U.S. and justified *ex post facto* only as a response to the crime against the Jews. After the myth of Yalta, the myth of Teheran.

Resenting Habermas’s charge of a conspir-

acy, Fest took up the cudgels more systematically than Nolte himself. The claim of Nazi singularity, he said, rests on four premises: (1) Hitler committed crimes against "guiltless" victims; (2) the crime had an abstract, mechanical, and administrative character; (3) the crime occurred against the backdrop of a highly developed culture; (4) Hitler's motives were radically different from the humanist aspirations of communism. For Fest, none of these arguments bears up under comparison to Stalin's crimes, which were no less bureaucratic, hardly the product of an "inferior" or humane culture, and whose victims were equally guiltless. "The thesis of singularity," he concluded, "stands on weak ground."²⁰

The point is not to examine all of Fest's claims, in which half-truth and nonsense congeal. Among others, the noted Hitler scholar, Eberhard Jäckel provided an eloquent refutation in *Die Zeit*, noting that Fest astonishingly excluded from his list Hitler's often repeated desire to exterminate the Jews as a "race."²¹ "The National Socialist murder of the Jews was unique," he wrote, "because never before did a state decide and proclaim with the authority of its responsible leader that a specific human group should be killed . . . and then translate this decision with all the possible means at the disposal of that state." It should simply be said that Fest's obsessive effort to eviscerate the Holocaust with comparisons to Cambodia, Algeria, Vietnam, and "millions of dead of this century" confirms what Fest himself seems to admit, that "this is nothing but an effort to derive exoneration for oneself from crimes everywhere in the world."²²

Much of the debate that ensued focused on these strategies of "relativization" enunciated by Nolte and Fest. But if by late summer the "relativization" of the Holocaust had become journalistically more interesting than the World Cup, more sober heads prevailed. Several critics, like the liberal historians Wolfgang Mommsen, Heinrich August Winkler, and Jürgen Kocka, reacted sharply to Fest and Nolte. Kocka, a social historian based in Bielefeld, made the essential point: it was "dangerous and shameful" to use comparative history to "repress the singularity of German developments by comparison with Stalin and

Pol Pot."²³ There was, however, considerably more sympathy for Hillgruber and Stürmer than for the "eccentric" Nolte or Fest.²⁴ Despite Hillgruber's "pronounced sympathies for the Prussian Junkers and the military," Winkler cautioned, he and Stürmer "are no relativizers à la Nolte, and don't deserve to be thrown into the same pot with him."²⁵ Christian Meier, president of the German Historical Association, in his "non-conclusion" published in the *FAZ* at the end of November—obviously meant to signal a retreat—also condemned the debate on the singularity of the Holocaust as a "flight" from the real debate on "what our Federal Republican identity is and can be. . . ." ²⁶ In short, the casuistry of "comparative genocide" was short-lived, the tack too tasteless, the apologetic intent too obvious.

Stürmer is the most interesting and perplexing of the conservative protagonists, precisely because he trundles between German national history and the imperatives of global politics, between the benefits of Western orientation and the deficits of a defunct German nationhood:

For as bitter as it may appear to us, the division of Germany remains a factor of stability in a divided world. The Germans have been removed from their history. They are beginning to understand that the history which led to Hitler, also leads beyond him, and will lead beyond that. . . . The basis of the European postwar order will be placed in question through nationalism and neutralism.²⁷

Although Stürmer is a strong advocate of the Federal Republic's place in the Western alliance, there is a highly ambiguous mood in his ruminations on the national question. Stürmer accepts Germany's geopolitical fate, and yet he looks to national cultural traditions rather than power political aspirations as a source of identity. "The German nation," he reminds us, is "older than the nation state."²⁸ In characteristically rococo prose, Stürmer often complains of the absence of a history that "provides anchorage in the cataracts of progress."²⁹ Without the "guideposts" of national history, he warns, there is little counterweight to the Euroneutralist left. Deprived of a connection to history and "in light of eco-pacifism, Germans might forget the

distance between dictatorship and democracy, and seek both past and future in *Mittel-europa*.”³⁰

To legitimize postwar division, Stürmer argues, after 1945 liberal historians simply inverted the old image of Germany’s special mission, the *Sonderweg*, painting the conservative tradition into the Hitlerian picture, while painting out the political, social, and cultural achievements of the nineteenth century Bismarckian national state. This history, written by “outsiders” who carried “modern social history in their suitcases” when they returned from the USA, created a negative identity which no longer serves its purpose.³¹ Stürmer, unlike Hillgruber, gives no evidence of nostalgia for the last battles of the German army, nor does he bemoan the consequences of Allied victory. His nostalgia is reserved for the Bismarckian “equilibrium of forces in Europe’s middle,” even if he rejects its result, the German *Sonderweg* with its “restless Reich” buffeted between East and West.³² To resolve this paradox, Stürmer returns to the old German *kultur*nation, with its pretenses to power played out. Habermas is right to see as “compensatory” this history in the service of national integration. By attacking Stürmer, and by questioning government plans for the historical museums, he underscored the idea that the new desire for a positive German history belongs to the discourse of a new conservative nationalism and that such homogeneous history is incompatible with the pluralistic character and what he calls the “post-conventional” identity required for a true democracy.

The Way to Bitburg

The Kohl government’s desire for a symbol of normalization was amplified by the chancellor’s unhappiness at being snubbed at the seaside ceremonies honoring the invasion of Europe in June 1984. It was, however, encouraged by American neoconservatives, especially Irving Kristol and Richard Burt, U.S. ambassador in Bonn, who urged greater parity with West Germany and an end to the German guilt requirement (Kristol called for West German control of nuclear weapons). Certainly a positive German his-

tory on the right wing of the spectrum could offer a challenge to the Green party and the peace movement in the post-Nazi generation. Normalization, conservatives believed, might also counteract the assumption that a corollary of the government’s acceptance of Willy Brandt’s and Helmut Schmidt’s *Ostpolitik* was acceptance of the “policy of renunciation” with regard to revision of the German question. A potential collision had to be avoided with “revanchist” groups who rejected accommodation with the East German regime and continued to press for German claims to territory relinquished in 1945. This also produced conservative anxieties of a party to the “right of the CDU,” such as, for example, the right-wing populist *Die Republikaner* in Bavaria. A public sign of normality, in short, could simultaneously affirm West Germany’s equal partnership in the Western Alliance and put an end to lingering anxieties about Germany’s past.

The road to Bitburg was paved with calculated fiascos in which the German chancellor proved his fidelity to rightist public opinion by getting crucified in the liberal and international press. During his 1984 visit to Israel Kohl astonished Israelis with well-placed *faux pas*, which the *FAZ* described as “disgraces,” “blunders,” and “embarrassments.”³³ Speaking of his “grace of belated birth,” Kohl left no doubt that he meant his generation was absolved of the moral obligations previous German generations felt toward Israel. In summer 1985 Kohl spoke (he was the first German chancellor to do so) at a convention of *Heimatvertriebene*, a group of ultraconservative Silesian exiles, under a banner proclaiming “Silesia Remains Ours.”

There were other indications of this CDU/CSU campaign to reassert “typical German virtues” and place the issue of national pride at the center of its ideological thrust. One of the most blatant examples was Dregger’s 1983 Bundestag speech condemning Nazism for undermining the “spiritual substance” of the German nation and for creating “a trauma of self-evaluation” through its “revolutionary attitudes.”³⁴ Dregger even reminded U.S. congressional opponents of Bitburg that “he had defended the . . . town of Marklissa in Silesia against attacks by the Red Army” and

that his brother, a "decent German," was buried there.³⁵ This pillar of the German right, now echoed by Hillgruber, incorporates *ex post facto* the last phase of Germany's defeat into the first phase of the cold war. Peter Glotz, general secretary of the Social Democratic party, summed up Dregger's (and Kohl's) reaction to American critics: "Your letter is infused by the idea that the Americans would do well to forget the past, because we are now allies and support the policies of the present American administration. That idea is morally corrupt."³⁶

If for the Reagan administration the Bitburg visit was a public relations debacle, for the Kohl government it was a bungled diplomatic effort to achieve what Raul Hilberg called "a nebulous collective innocence."³⁷ Less than a week after Bitburg, on May 8, President Richard von Weizsäcker delivered his now famous speech—widely praised abroad but with little consequence—to the German parliament. Less frequently commented on, however was the negative reaction within CDU/CSU circles, which were openly "uncomfortable" with the president's upstaging of the chancellor, and upset by Von Weizsäcker's refusal of any gesture of normalization—a position closer to Brandt's than to Kohl's own perfunctory condemnation of "the dictator."³⁸ As Hans Mommsen noted, after Bitburg the government would provide free space to apparently obsolete nationalist strivings, "without being able to harness the spirits it evoked."³⁹

Nolte and Fest no doubt share Franz Joseph Strauss's attitude that Auschwitz and Hitler finally be allowed to "sink or be sunk out of sight, or better put, disappear."⁴⁰ But if we take seriously that Hillgruber and Stürmer are not "relativizers" à la Nolte or Fest, it is important to identify what Winkler calls "the deeper reasons for the national apologetic wave." One possibility is that it is a veiled "call for German reunification."⁴¹ There is evidence for this, not only in the coded language of *FAZ* editorials, in the rhetoric of the *Heimatvertriebene*, and even in Hillgruber's vision of the movement of European history "towards the free-democratic order of

the Federal Republic, towards a unified Germany (*Gesamtdeutschland*) on the basis of the right of self-determination."⁴²

More plausibly, the nostalgia for the old German nation state, emphasized by Stürmer and shared to some degree by all of the conservative protagonists in the *Historikerstreit*, is predicated not on a rejection of the geopolitical realities of "division," but, paradoxically, on their acceptance. With the not-so-new *Ostpolitik*, the conservative government has finally abandoned the pretense of a single German nation. The attraction of *Ostpolitik* for a majority of Germans has to be carefully reconciled with the NATO alliance. Hence, the nationalist option is carefully balanced with a realistic assessment of the German question. Even the *FAZ* reluctantly recognizes that reunification has become a "distant goal." Stürmer explicitly supports the East treaty, and proclaims the *kulturnation* as a necessity of a sober *realpolitik*. For the first time since 1945 the *idea* of the Federal Republic as a nation has caught up with its reality.

What has emerged is a conservative "German ideology" that gives a new and clearly independent German national twist to the interpretation of 1945. Germany has become, if not *the* victim, at least *one* victim, among others. Even more striking is the harsh tone regarding the role of the West in creating postwar Germany. The novelty of *Two Kinds of Collapse* and Hildebrand's more recent scholarly articles is their open stand against Britain and America for depriving Germany of its continental power. Germany's loss of global political status as a "Failed World Power" (Hillgruber) was a consequence of the anti-Prussian (*not expressly anti-Hitler*) prejudices of the Allies. Hillgruber's anti-American discomfiture also shows through, as does his attempt to provide a compensatory ideology for the relinquished dream of a reconquest of the East. I should add that this is precisely the right-wing criticism of von Weizsäcker's speech—hostility to his remark that the anachronistic legal claims in Silesia and East Prussia should be forgotten. In his view American acquiescence in the "extermination and depor-

tation" practices of Stalin was "a complete departure from their humanitarian traditions."

The German historical controversy unleashed two strategies for mastering the past. The first relativizes the Holocaust by reducing it to one phenomenon in the "age of tyrants." The second, virtually unmentioned on here, is far more sophisticated: it places the burden of responsibility on Hitler, does not deny his crimes, but relegitimizes German "national identity" and its role as a middle-European power in the *past*. This distinction between vulgar relativizers and proponents of a new historical paradigm for German national identity roughly parallels ideological divisions within the Kohl government. Strauss, Dregger (the so-called "Stahlhelm" faction of the CDU/CSU) have been relatively "uninhibited" about "not wanting to live eternally in the shadow of Hitler and his crimes," as Strauss so delicately put it.⁴³ But the modernizing wing of the CDU/CSU (figures such as Norbert Blüm and the intellectual magazine *Sonde*) is more concerned with accommodating the right wing, and offer a new and "positive" image of the German past. It does not historicize the crimes of Hitler out of existence, but reasserts continuities between the political "*Kleindeutsch*" Bismarckian state and the role of the Federal Republic. These conservatives blame the "German paralysis" on what they see as a dangerous mistrust of power politics—the consequence of a moralistic misinterpretation of Hitler as the result of, rather than a retreat from, *realpolitik*—a misjudgment they see epitomized in Willy Brandt and others of the liberal left.⁴⁴ Indeed, this rehabilitation of German national history is not concerned with the old dream of reunification or reconquest, but rather with establishing, in Heine's words, "in the realm of dreams" a revindication of the status of Germany as a European power, within a realistic assessment of its present possibilities. Stürmer's distinction between "hegemonial" and "balancing" power is another cautious expression of this desire for more political options within the geopolitical status quo. As Hans Mommsen has pointed out, much of what has occurred in the recent debate on national identity has been part of the expansion of German economic and military sovereignty

within the parameters of NATO.⁴⁵ When Stürmer argues that "no people can in the long run live without historical identity," it is this compensatory nationalism, and not a return to the old conservative habits of the past, that is at stake.⁴⁶ On the other hand, the more aggressive assertion of national themes in the *Historikerstreit* may signal a new ideological independence from the West.

The most interesting aspect of the *Historikerstreit*, as Ralf Dahrendorf noticed, may not be the positions of the protagonists, but the confusions and reversals they have generated.⁴⁷ Conservatives have found unwitting support in the idea of a history motivated by the search for identity (a motif of the new social history), as well as in the distinction social historians have made between the "normality" of everyday life in the Third Reich and the more "radical" criminal "aspects" of the regime. To the extent that younger, more liberal historians emphasize this "normality" of daily existence, they no doubt give fuel to the claims of those, like Hillgruber, who believe that the Nazi elite, or Hitler personally, should bear sole responsibility for the fate of Germany. In the past, left-wing historians focused on continuities in German history, but now it is conservatives who have attached themselves to the long view, whereas their critics underscore the crucial break of 1945. Habermas, for example, strongly emphasizes this moment of "release from a past centered on national history" and staunchly defends the "enlightenment culture of the West" while refusing the hazy discourse of neutralism and pacifism. His appeal to the moral dimension of politics as an antidote to nationalist nostalgia owes more to Arendt and Jaspers than to Marx and Horkheimer.

The *Historikerstreit* has shown that in Germany today the Nazi era is in little danger of becoming "past," despite the fact that, and indeed because, the very demand for "historicizing distance" is politically freighted. The protagonists of the *Historikerstreit*, for all their unbridgeable differences, agree that no one can envision an alteration in the "German Question" without also envisioning an end to the

global realities in which it is embedded. Yet all recognize that the glacial politics of the blocs is once again in motion, and that the gradual warming of the cold war may once again crack

the certainties of geopolitical calculation. Tomorrow the *Historikerstreit* may be remembered as a dress rehearsal for a rebirth of the national question in Germany. □

Notes

¹ Jürgen Habermas, "Geschichtsbewusstsein und posttraditionale Identität: Die Westorientierung der Bundesrepublik," in *Eine Art Schadensabwicklung* (Frankfurt am Main: Suhrkamp, 1987), p. 162. This collection contains Habermas's contributions to the debate, as well as several unrelated articles.

² Ernst Nolte, "Vergangenheit die nicht vergehen will," *Frankfurter Allgemeine Zeitung*, June 6, 1986. Also published in the collection, *Historikerstreit. Die Dokumentation der Kontroverse um die Einzigartigkeit der nationalsozialistischen Judenvernichtung* (Munich: Piper, 1987), pp. 39–47 (subsequently referred to as *HS*).

³ Ernst Nolte, "Die negative Lebendigkeit des Dritten Reiches. Eine Frage aus dem Blickwinkel des Jahres 1980," *Frankfurter Allgemeine Zeitung*, July 24, 1980. A substantially altered version appeared in English as "Between Myth and Revisionism? The Third Reich in the Perspective of the 1980s," in H.W. Koch, ed., *Aspects of the Third Reich* (London: St. Martin's, 1985), pp. 17–38. The 1980 original did not include some of the more controversial passages that appeared in the Koch volume. A German original of the English language version is included in *HS*, pp. 13–36.

⁴ Nolte, "Between Myth and Revisionism?" p. 36.

⁵ Andreas Hillgruber, *Zweierlei Untergang: Die Zerschlagung des Deutschen Reiches und das Ende des europäischen Judentums* (Berlin: Wolf Jobst Siedler Verlag, 1986).

⁶ The second essay, "The Historical Place of the Persecution of the Jews," is an expanded version of Hillgruber's concluding remarks at a May 1984 Stuttgart congress on "The Murder of the European Jews During the Second World War."

⁷ Andreas Hillgruber, "Jürgen Habermas, Karl-Heinz Janssen und die Aufklärung Anno 1986," *Geschichte in Wissenschaft und Unterricht*, December 1986, pp. 725–738, *HS*, p. 339.

⁸ Andreas Hillgruber, *Zweierlei Untergang*, pp. 24, 25.

⁹ *Ibid.*, pp. 64, 65.

¹⁰ *Ibid.*

¹¹ Hillgruber is of course not responsible for his publisher's blurbs, but this cannot be said for the juxtaposition of the two essays.

¹² Cited in Dieter Kramer, "Die Diskussion der 'Römerberggespräche' 1986," in *Gegen den Versuch Vergangenheit zu verbiegen*, Hilmar Hoffman, ed. (Frankfurt am Main: Athenäum, 1987), pp. 112, 113.

¹³ Michael Stürmer, "Geschichte in geschichtslosen Land," *Frankfurter Allgemeine Zeitung*, April 25, 1986, *HS*, p. 36.

¹⁴ Jürgen Habermas, "Eine Art Schadensabwicklung. Die apologetischen Tendenzen in der deutschen Zeitgeschichtsschreibung," *Die Zeit*, July 11, 1986, *HS*, pp. 62–76.

¹⁵ Nolte, "Between Myth and Revisionism?" p. 28.

¹⁶ Habermas, "Eine Art Schadensabwicklung," *HS*, p. 69.

¹⁷ Cited in Habermas, "Schadensabwicklung," p. 71. From Michael Stürmer, "Kein Eigentum der Deutschen: die deutsche Frage," *Die Identität der deutschen: Fragen, Positionen, Perspektiven*, Werner Weidenfeld, ed. (Munich: Carl Hanser Verlag, 1984), p. 96.

¹⁸ Klaus Hildebrand, "Das Zeitalter der Tyrannen," *Frankfurter Allgemeine Zeitung*, July 31, 1986, *HS*, pp. 84–92.

¹⁹ *Ibid.*, *HS*, p. 88.

²⁰ Joachim Fest, "Die geschuldete Erinnerung: Zur Kontroverse über die Unvergleichbarkeit der nationalsozialistischen Massenverbrechen," *Frankfurter Allgemeine Zeitung*, August 29, 1986, *HS*, pp. 100–112.

²¹ Eberhard Jäckel, "Die elende Praxis der Untersteller: Das Einmalige der nationalsozialistischen Verbrechen," *Die Zeit*, September 12, 1986, *HS*, pp. 115–122.

²² Fest, "Die geschuldete Erinnerung," p. 109.

²³ See Jürgen Kocka, "Hitler sollte nicht durch Stalin und Pol Pot verdrängt werden," *Frankfurter Rundschau*, September 23, 1986, *HS*, p. 135, and Heinrich August Winkler, "Auf ewig in Hitlers Schatten: Zum Streit über das Geschichtsbild der Deutschen," *Frankfurter Rundschau*, November 14, 1986, *HS*, pp. 256–263.

²⁴ See, for example, Gordon Craig, "The War of the German Historians," the *New York Review of Books*, January 15, 1987, pp. 16–19.

²⁵ Winkler, *HS*, p. 260.

²⁶ Christian Meier, "Kein Schlußwort," *Frankfurter Allgemeine Zeitung*, November 20, 1986, *HS*, p. 268.

²⁷ Michael Stürmer, "Wem gehört die deutsche Geschichte? National-politisches Profil in Ostberlin," *Neue Züricher Zeitung* 1982 May, 22/23, p. 37.

²⁸ Michael Stürmer, "Die Deutsch Frage—Kein Eigentum der Deutschen: Zum 17. Juni 1953," *Dissonanzen des Fortschritts: Essays Über Geschichte und Politik in Deutschland* (Munich: Piper, 1986) p. 231.

²⁹ Michael Stürmer, "Deutsche Identität: Auf der Suche nach der verlorenen Nationalgeschichte," *Neue Züricher Zeitung*, May 28/29, 1983, in Stürmer, *Dissonanzen des Fortschritts*, p. 209.

- ³⁰ Michael Stürmer, "Was Geschichte Wiegt," *Frankfurter Allgemeine Zeitung*, November 26, 1986, *HS*, p. 294.
- ³¹ Michael Stürmer, "Zwei Staaten in Deutschland—zwei deutsche Geschichten?" Stürmer, *Dissonanzen des Fortschritts*, p. 248.
- ³² Stürmer, "Deutsche Identität," p. 208.
- ³³ Y. Michal Bodemann, "Die 'Überwölbung' von Auschwitz. Der jüdische Faktor in der Mythologie der Wende-Republik," *Ästhetik und Kommunikation: Beiträge zur politischen Erziehung*, Heft 56, 15 Jg. (1984), p. 45.
- ³⁴ *Frankfurter Rundschau*, July 20, 1983. Cited in *Ibid.*, p. 44.
- ³⁵ *Bitburg and Beyond: Encounters in American, German and Jewish History*. Ilya Levkov, ed., (New York: Shapolsky Books, 1987), p. 95.
- ³⁶ *Ibid.*, p. 104.
- ³⁷ Raul Hilberg, "Bitburg as Symbol," in Geoffrey Hartman, ed., *Bitburg in Moral and Political Perspective*, (Bloomington: Indiana University Press, 1986) p. 19.
- ³⁸ Gunter Hofmann, "Der Präses und der Populist," *Die Zeit*, May 31, 1985, p. 3.
- ³⁹ Cited in *Ibid.*, p. 3.
- ⁴⁰ *Der Spiegel*, January 5, 1987, p. 25.
- ⁴¹ Winkler, "Auf ewig in Hitler's Schatten," *HS*, p. 262.
- ⁴² Andreas Hillgruber, "Für die Forschung gibt es kein Frageverbot," *Rheinischer Merkur/Christ und Welt*, October 31, 1986, *HS*, p. 240.
- ⁴³ *Der Spiegel*, January 5, 1987, p. 30.
- ⁴⁴ Hans Peter Schwarz, *Die gezähmten deutschen* (Stuttgart: DVA, 1984).
- ⁴⁵ Hans Mommsen, "Suche nach der 'verlorenen Geschichte'?" *Merkur* (September/October 1986), pp. 864–874, *HS*, pp. 156–174.
- ⁴⁶ Stürmer, "Was Geschichte Wiegt," *HS*, p. 295.
- ⁴⁷ Ralf Dahrendorf, "Zur politischen Kultur der Bundesrepublik," *Merkur* (January 1987), p. 71.



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SHOULD WE SAVE THE FAMILY FARM?

Bad Times in Agriculture

The deep farm crisis of recent years has made the urban majority aware of anguish in the countryside, even if the world of modern farming—and even more of farm policy—is so remote that it is hard for outsiders to grasp. At the same time, people have become more vividly conscious of continuing hunger in a world glutted with food. Abundance can seem as daunting as scarcity, though far preferable.

Now, after spending nearly the entire past decade in the deepest slump since the Great Depression, the U.S. farm economy shows a few signs of recovery. Last year plummeting land prices started to level off, farm income was up (but half the increase came from government price and income supports), and debt declined from an earlier peak greater than that of Brazil and Mexico combined.

But it is too early to get out the party hats and celebrate recovery. The cheering signs are still tentative and fragile. Federal budget pressures are predictably nibbling away at the farm support programs, which cost nearly \$50 billion over the past two years. Some livestock prices that boosted income for midwestern farmers in 1987 were already plunging downward late in the year as a result of overproduction. Even before budget cuts, the Food and Agricultural Policy Research Institute (FAPRI) of Iowa State University and the University of Missouri projected sharply declining real income for farmers through the middle of the next decade. Agricultural economists warn of a “second wave” income crunch that could severely hurt the roughly one-third of farmers

who are still financially vulnerable. Farms continue to be lost near the recent annual rate of 50,000 or more a year. And the farmers suffering financial failure are disproportionately young and among the most productive. Few new farmers are filling their shoes.

Even if the gloomiest projections on income do not come true, the crisis that has gripped most of American agriculture may be entering a new phase. This phase may be less noticeable than the depression of the early 1980s, with its heart-rending stories of farmers losing the land their families had tilled for generations, then hanging themselves from barn rafters in despair. It may have equally serious long-term consequences.

To Marty Strange, for many years codirector of the remarkable Center for Rural Affairs in Walthill, Nebraska, the collapse of the past six years has been the “panic” and “chaos” stage of a longer-term crisis that resembles earlier crises in agriculture. The seeds of that panic were sown in the boom years of the 1970s. Boom years are “the most damaging because they create false prosperity,” Strange argues. “The bigger the boom, the worse the following two stages.” After the boom and its collapse into chaos comes the most critical stage, which the country is about to enter. That is “the opportunity stage, when there are bargains available and the question is who gets them.”

Who Will Own the Land?

At issue are the structure and character of American agriculture. It is often summed up as

a debate on preserving “the family farm,” but that much-abused phrase does not capture the full implications of the situation. The central question is: Who will own the land, or what kind of distribution of property does the nation want? That has implications for our notions of political democracy and the social character of rural and small-town life. Shifts to large landholdings with farm laborers, and away from decentralized, smaller farms run by owner-operators, typically have led to a decline in civic life and local democracy, as anthropologist Walter Goldschmidt’s classic study of two rural California communities showed.

Current farm policy is sometimes sneeringly dismissed as social policy, an attempt to maintain a social structure—as if that were a softheaded, irresponsible goal. But social structure is as important as the price of bread, milk, or Lean Cuisine frozen dinners—or reducing trade deficits exacerbated by flight of U.S. capital overseas. If someone proposed slavery as an efficient method of raising food and fiber, we would reject it as morally objectionable. We would also join in condemnation of the kind of tenant arrangements that sparked the late nineteenth-century Populist movement or the abuse of migrant labor in the 1960s.

Contemporary issues of farm social structure may not seem as morally awesome, but the question is still the democratic organization of the economy. There is a great deal of public support for farmers, not simply because of nostalgia, but because other Americans identify with the dream of having greater control over their work. At a time when there are widespread prescriptions for greater workplace democracy to rejuvenate U.S. industry, it is ironic that American agriculture may be taking giant strides away from democracy. Even though a tiny proportion of Americans (around 2 percent) actually farm, land reform is as important here as in Central America or the Philippines.

In fact, it is important here for the sake of Third World countries and farmers elsewhere in the world. The United States remains the dominant force in the world grain trade, and

our decisions on how much to export and at what price greatly affect the incomes of peasants and farmers and the agricultural strategies of governments elsewhere. For example, the Reagan administration’s efforts to increase exports and drive down prices encourage many Third World countries to expand greatly their export agriculture. They hope thereby to bring in enough dollars to repay their debts to U.S. and other banks, counting on a larger volume of sales despite the falling price. Meanwhile, the glut of agricultural commodities on the world market grows. Prices are further depressed, while farmers and peasants elsewhere in the world are squeezed, and hunger persists in “a world awash in grain.” U.S. international agricultural policies are, in turn, intimately connected to the kinds of decisions we make about the structure and character of farms.

Ecological Disturbances

The structure of farming also affects our relations with nature. The mutually reinforcing shifts towards large-scale farming and export-dependent agriculture have been made possible by increasing reliance on big tractors and other machinery and by massive use of chemicals: pesticides, herbicides, and fertilizers. These trends are linked to an increasing specialization of farms and unrelenting monoculture—for example, growing corn or soybeans year after year rather than rotating a variety of crops as in the recent past. With this industrial-chemical regimen, one farmer can operate a larger farm, and yields have gone up. (Yields have also increased for less chemical-intensive, ecologically sensitive farming. Moreover, the industrial-chemical regime is becoming less efficient.)

But there has been an environmental price: rapid loss of topsoil, depletion of remaining soil and underground aquifers, toxic pollution of underground and surface water, destruction of wildlife and natural plant variety, and health risks for farmers, farm laborers, and consumers. As is so often the case, the “efficiency” of modern agriculture is in large part due to the fact that nobody in agribusiness is charged for these costs.

Being a “family farmer” doesn’t make

someone automatically virtuous, democratic, ecological, and sensitive to the needs of the Third World. After all, corporate farms in some strict sense—such as operations owned by a conglomerate like Tenneco or a global grain trader like Cargill—still represent a small although disproportionately influential fraction of U.S. agriculture. So family farmers have been the agents of this unwholesome transformation that begins to threaten their very survival. More accurately, family farmers have been caught up in a capitalist market that pressured them in the direction of bigness, technological dependency, and overproduction. Although the stated goal of government policy has usually been to preserve the family farm and promote conservation, the actual policies and their implementation have often undermined those goals and reinforced the market pressures. Nevertheless, some moderate-sized farmers have successfully resisted the temptations of the chemical feast and rampant growth.

The “family farm” has become increasingly difficult to define. A family farm can be a small holding where the owner loses money on farm sales of \$10,000 or less and makes all his or her income off the farm. (These small units represent 40 percent of all farms.) But at the other extreme there are huge family farm corporations with sales of half a million dollars a year or more from thousands of acres (around 2 percent of all farms). Many of the smallest acreages probably shouldn’t even be counted as farms. Many of the biggest, which produce a disproportionate share of farm income, are specialized operations with high-value crops or livestock (like California artichoke estates or huge cattle feedlots and poultry factories). But the farms that come closest to popular imagery of the family farm are the full-time commercial farmers with sales of \$40,000 to \$250,000 (30 percent of farms). And these are precisely the farmers who have been hit the hardest by the recent slump in farm prices.

In the depression of the 1930s, nearly all farmers were severely hurt, and most farmers who owned their land were very much alike. The big division was between owners and

tenants, who made up two-fifths of all farmers, but even tenants and owners suffered similarly.

Now farmers are much more different from each other. Beyond the variations in size and specialization, the biggest difference has been debt and age. The farmers who have recently suffered the most had heavy debt loads. Sometimes it was because they were the “stompers,” aggressively expanding in the boom 1970s. Sometimes it was because they were young people starting in farming (or parents taking on debt to help their sons or daughters start). Sometimes they simply had a run of personal misfortune or bad weather. The victims were not necessarily less efficient or even “bad managers.” Mainly, they were just financially vulnerable.

What Should Our Food System Be?

This variation among farms has made it harder to define a family farm policy, and it has led many observers to conclude that the notion is antiquated. Rather than become obsessed first of all with definition of the unit at issue, it may be more useful to define the kind of farm and food system that we want.

First, agriculture should be sustainable, to use an increasingly popular concept. That is, it should not deplete natural resources or despoil the environment. It should also minimize reliance on “inputs” such as fuel, fertilizer, and chemicals that come from outside. It has profound economic consequences as well. Many farmers have discovered during this recent crisis that cutting back on their agroindustrial inputs may reduce yields slightly but cut costs even faster. Indeed, one major reason for the improved farm income in 1986 was reduction of those production costs (partly lower fuel prices, but also less use of fertilizers and more reliance on a fuel-efficient practice known as “minimum tillage”). But sustainable agriculture also is likely to be flexible agriculture that can easily adapt to changing conditions. And it is likely to rely more heavily on skilled labor.

Agriculture can best be sustained for the long haul when those skilled workers have a long-term stake in the farm, preferably as owners. That could be complemented by other

arrangements: for example, holding a long-term right of use from a private not-for-profit or public land trust or cooperative. But the basic model of a moderate-sized farm that is owned and operated by a family with very little outside labor suits the aims of sustainable agriculture very well. And it does not require sacrifice of efficiency. Time and again government and university studies have shown that nearly all efficiencies can be realized on the scale of a moderate-sized family farm (the actual size of which may vary according to crops and local geography). Some big farms do have an edge with tax breaks, favorable financing, bulk purchase of supplies, or direct marketing of products, but rarely in terms of operational efficiency of labor or capital.

To be sustainable in these terms, agriculture needs to minimize debt and ease the entry of new farmers. It must minimize the financial advantages of concentrations of wealth and land. Too often federal tax, credit, research, and even federal price-support programs have strengthened the big and powerful. The days when a large part of the population lived on the farms will not return, but it is possible—and desirable—to increase the number of farmers (or at least encourage a more even distribution of farmland and stop the steady decline of the farm population).

Finally, sustainable agriculture must yield enough income for farmers to sustain themselves and must provide a healthy, affordable, varied diet to sustain consumers. Americans pay a smaller portion of their incomes for food than do people in any other industrial country, dropping recently to an average of less than 15 percent of personal income. But the proportion of that food dollar going to the farmer also keeps declining. Gross real income of the farming sector has doubled since 1940, observes Food First director Frances Moore Lappé, but net real income has fallen 10 percent. Thus more than the entire increase in farm income in nearly five decades has gone to farm suppliers and banks.

Industrialization of agriculture has meant that much of the agriculture sector has been shifted to chemical, equipment, seed, oil, and

other supplier companies and to a variety of marketing, financing, and consulting institutions. Even more of the profit has shifted there, in part because many of those supply industries are very concentrated or parts of large, powerful, sometimes global corporations. At the other end, the processors of farm products—themselves increasingly concentrated and consequently often able to push grain and livestock prices downward—take an increasing share of the consumer dollar. These changes are not universally evil, but they have often degraded consumers, farmers, and the environment.

So the social contract of sustainable agriculture should wean farmers as much as possible from the industrial model, rationally reducing reliance on manufactured inputs. And it should increase the power of both farmers and consumers vis-à-vis food processors. It should above all be oriented toward reliable food supplies for domestic use, now and in the future. Export of agricultural products should return to a secondary role and not be the dominating factor in the nation's agricultural strategy.

A History of Manipulation

Exports are in many ways a key to the current crisis. They have exacerbated tendencies already underway, and they remain one of the main traps that make it hard for farmers or the country to abandon the industrial model for a more sustainable agriculture. To understand that—and to understand why sustainable, decentralized, moderate-scale agriculture is not a nostalgic anachronism—it is worth briefly recounting some recent agricultural history.

During the Great Depression the Roosevelt administration tried to deal with low farm incomes by supporting the prices of basic farm commodities and reducing the acreage planted. The government also intended to conserve the soil and preserve family farms. During the 1950s, supply management, which had always struck conservatives and agribusiness interests as too Bolshevik, was largely dismantled. Prices fell. (As a harbinger for the present, the volume of exports did increase, but farm revenue declined because of the drop in prices.)

When Earl Butz became Nixon's Secretary of Agriculture in 1972, he wanted to destroy what remained of the farm programs. But, as recounted by Joel Solkoff in *The Politics of Food*, he first needed to raise farm incomes to help Nixon's reelection by increasing commodity payments and restricting acreage at a time when there was a world grain shortage following two years of bad crops. Shortly afterward he set in motion the private negotiations that led to the surprising nineteen million metric ton, \$1.1 billion grain and soybean sale to the Soviet Union, which wanted to increase meat consumption despite poor harvests.

With U.S. grain reserves nearly exhausted, the world grain shortage sparked fears about food shortages and sharp price increases. U.S. grain export earnings tripled between 1972 and 1974. Price increases triggered domestic consumer protests, but the new prominence of a world grain trade dominated by the U.S. led to fantasies of "food power" as a diplomatic weapon. As U.S. manufacturing strength lost ground to international competition and oil prices rose, government policymakers sought to redress the balance of trade with agricultural sales. Butz urged farmers to plant "fencerow to fencerow" in order to feed the world.

They did. Vast stretches of land taken out of cultivation, or for good reason never before plowed, were intensively cultivated. From 1970 to 1981 production increased by half and cropland expanded by 20 percent. Chemical and fertilizer use doubled, and energy efficiency declined sharply. As James Wessel of the Institute for Food and Development Policy reported in *Trading the Future*, the increased energy use (at higher prices) and greater inefficiency effectively meant that the energy bill for the export boom erased 70 percent of the agricultural trade surplus. That made a mockery of the "bushels for barrels" rhetoric of the time. Also, overuse of pesticides and herbicides has not only poisoned land and water but also reduced the effectiveness of those chemicals.

Under this go-for-broke production drive, soil erosion soared (and was an additional one-third higher on tenant-run farms compared

to owner-operated farms in Iowa). Topsoil loss reduced productivity, increased cultivation costs in the more difficult eroded soil, and created large off-farm cleanup costs. Researchers comparing two adjacent farms in Oregon—one farmed organically, the other in contemporary "high-tech" fashion—recently reported in *Nature* that topsoil erosion was four times greater on the high-tech farm. The organic farm's soil held moisture better to reduce both runoff and the vulnerability of crops to drought. The organic farm yield was lower, but so were the input costs.

Agricultural exports continued to climb until 1981, but farm income peaked in 1973 and dropped steadily until a brief uptick at the end of the decade before the further decline of the 1980s. Neither farmers nor consumers benefited much from the export boom, but the half-dozen huge grain companies that dominate world trade profited handsomely, since they make money on volume of sales regardless of the price.

The Downside Slide

Many farmers were locked into the new export mania. They bought bigger tractors, irrigation equipment and more land, with speculators helping to drive up the price. Banks urged buyers on by lending money against the inflated value of the land rather than its ability to earn income from farming. Tax policies gave an extra financial edge to the biggest, wealthiest farmers and encouraged outside investors. The flood of tax-favored investment into cattle feedlots and large hog "confinement" buildings further industrialized livestock production, undercutting the raising of livestock by medium-sized, mixed-use farms. Increasingly, many farms in the Midwest, South, and elsewhere turned to an intensive monoculture of corn, soybeans, or wheat.

Even the farm commodity programs and such lending agencies as the Farmers Home Administration (FmHA) that were intended to maintain the smaller family farm increasingly either abandoned that role or else perversely ended up benefiting larger farmers the most (in no small part due to a variety of legal circumventions). Research universities and the

Department of Agriculture Extension Service continued to skew their help to larger-scale, industrialized agriculture.

The bubble burst as interest rates soared, commodity prices dropped and land prices began a precipitous slide, undercutting the collateral for the \$225 billion accumulated debt. Exports also began to decline. Some countries could no longer afford to import as much in the depressed early 1980s, especially when the dollar was overvalued. (A very large part of U.S. grain sales had gone to feed livestock to boost meat consumption for the middle class, not to feed the very poor, who couldn't afford the grain even at bargain prices.)

Many countries that had been importers of grain and other agricultural commodities had by now become exporters. In part they were spurred to seek "food security" by the early 1970s specter of food shortages and disruptions. In part their farmers responded to a variety of new incentives and took advantage of new seeds and technologies. But also there was increasing international development and banking pressure to develop export agriculture. When the debt crisis crystallized in the early 1980s, bank pressure intensified on countries like Argentina, Brazil, and Mexico to export wheat, soybeans, orange juice, tomatoes, and other products to earn hard currency.

Within those countries the export agriculture overwhelmingly benefited a rich elite and often led to environmentally destructive practices, such as clearing large stretches of tropical rain forest. While farm exports increased from many Third World countries, the diets of many of the poor shrank further. The problem of world hunger was not lack of food, Frances Moore Lappé and Joseph Collins argued persuasively in works such as *World Hunger: Twelve Myths*. It was lack of democracy. And with that, lack of money and access to land for the peasantry.

Ironically, the export boom and bust were having the same effect in the U.S., increasing class divisions among farmers, destabilizing agriculture and rural communities, and wreaking environmental havoc. Yet when the quad-

rennial renewal of farm commodity legislation came up in 1985, concern over how to increase exports was at least as influential as desire to maintain farm income. The Reagan administration had wanted to do away with any price and income supports, leading to a supposed free market and booming export sales. But projections by the FAPRI university group showed farm income dropping sharply with such a plan, since even if the sales volume could be achieved, prices would be so low that overall income would collapse—along with many farmers, banks, small businesses, and other institutions already flattened to the wall.

Although it was forced temporarily to abandon pursuit of the Republican grail of "getting government out of agriculture," the administration adamantly opposed a "populist" measure introduced by Iowa Democratic Senator Tom Harkin (joined in a later version by Representative Richard Gephardt). It would have raised the price floor beneath the major commodities to at least the cost of production. Following a producer referendum, there would be mandatory production controls limiting production of the basic commodities. Although FAPRI forecast that this plan would cut exports sharply, farm income would also increase dramatically. Even export earnings would rise.

In the end, the farm bill set very low floors under commodity prices but maintained a higher "target price" (although many would argue it is still below the average cost of production). If the market price is low, farmers are directly paid the difference between the lower price support rate and the target price. If the market price is lower than the loan price, they may also forfeit the grain to the Commodity Credit Corporation, a federal agency, in lieu of repaying the loan. Thus, low market prices have accounted for the very large government payouts to meet "target prices."

Assault on Other Exporters

Armed with various additional marketing subsidies and this low, already subsidized price, the U.S. government has launched a major offensive against other grain exporters. Although U.S. farm exports inched up about 8 percent last year, world farm prices plummeted

by more than half from 1986 to 1987, according to Dennis Avery of the State Department. This has depressed farm income in agricultural export countries. The European Common Market is a special target: the Reagan administration hopes to drive up the cost of the European Community's farm program, eventually forcing it to dismantle its elaborate subsidy system. Although carried out in the name of American farmers, such a strategy would be of no benefit to most of them. Yet it continues to lure them toward the industrial model of agriculture.

Even disregarding the damage to natural resources and farm life, this current assault makes little sense. The United States is trying to win markets by selling for less than the cost of production, otherwise known as "dumping." At times the effort is patently ridiculous, unless the intent is so to ruin the agricultural export capacity of other countries that the U.S. can dominate the grain trade. Minnesota Department of Agriculture analyst Mark Ritchie cited a case of spending \$17.50 in subsidies per hundred pounds to export rice worth only \$3.50—and in the process undermining Thailand's main export and creating dependency on imported food in central African countries that buy U.S. subsidized rice.

The export-boom mentality helped spur the 1970s inflation of land prices. But since 1981 land prices in much of the Midwest have dropped by half or more, and there has been an aggregate loss of \$300 billion in farm real estate value nationwide (somewhat less than the loss from the stock market crash from August through October of last year, but on a smaller base). The nominal wealth in land was a dangerous illusion. Although many innocent people were hurt by the collapse, the prices should never have been so high, and farm policy should not try to push them back up.

The small-to-moderate-scale family farmer is both a worker and a business owner, a craftsman for whom the land is a tool of the trade, and a recipient of rent and capital gains. "An implicit attribute if not explicit objective of traditional agriculture has been its melding of rent with labor income as a combined return

to the family farmer," argued Harold F. Breimyer, professor emeritus at the University of Missouri, in a recent *Challenge* article. "A class division among recipients of the two-factor returns is thereby avoided. In the 1980s, financial stresses are wedging landholding from land operating, and rental income from labor income." That class division of *rentier* and worker, not any question of efficiency, is what threatens the future of the family farm.

The divisions are growing more apparent. Already almost half of all farmland is cultivated through some kind of tenant arrangement. The farmers are usually not full tenants (the proportion of which is relatively stable at around 12 percent of all farm operators). They are part-owners, part-renters. In many cases younger farmers have been sheltered from some of the worst adversities of the 1980s by renting. But the phenomenon is disturbing when seen as part of a trend toward larger farms, more control by management firms, and more solicitation of outside investor capital. In addition, farmers are increasingly losing their independence as agriculture becomes more vertically integrated from field to processing or marketing under direct or indirect control of corporate giants. One-fourth of U.S. agriculture is now vertically integrated in some way, Breimyer estimates.

Conservatives want to preserve the family farm by redefining it. "In my grandfather's day it was common for the farm operator and his family to supply all the factors of production—land, labor, capital, and management," former Assistant Secretary of Agriculture Don Paarlberg wrote recently. "This was, in fact, the underlying concept of the family farm. But with industrialization of agriculture, farms have grown to such size and capital needs have become so great that the ordinary farm family cannot supply all these factors. Land, labor, capital, and management are now being split up and supplied by different entities, much as is the case in factory production." For Paarlberg the family farm now means a farm in which the family supplies most of the labor and management. But that's not much different from being a tenant.

The big question as the third stage of the farm economy business cycle unfolds is who will get all the foreclosed land in lenders' inventories. At the end of summer 1987 that totaled approximately seven to ten million acres, roughly equal to one-third of all Iowa farmland. Major insurance companies held the largest inventory (more than three million acres, worth around \$2.3 billion), followed by two public agencies, the federally chartered Farm Credit System (FCS)—a quasi-public institution supposedly cooperatively run by farmer-investors—and the Farmers Home Administration, an agency directed by law to help small farmers. Commercial banks are the fourth major mortgage holder. Even these inventory figures are understated. Many potential FmHA foreclosures have been delayed by court battles. In some cases mortgage-holders may have strung along some farmers, figuring that they had little to gain by repossessing land they would have to manage or sell at a loss. Also, much land is "technically available for sale even though the 'for sale' sign has not been hung up," argues Center for Rural Affairs credit expert Gene Severens.

The federal agencies and some commercial banks have been so hard hit by loan losses that last year some began selling off inventories despite the low prices. "Buy North Dakota!" screamed the Farm Credit System ads in the *Wall Street Journal*, while *Business Week* advised its readers, hardly family farmers, that now was the time to buy their coveted forty acres (although the typical outside investor schemes run more to 4,000 or even 40,000 acres).

The terms of sale have almost always favored either debt-free farmers or outside investors who can pay half or more of the price in cash. Because of the inadequacy or secrecy of records on land sales, it is hard to know how much concentration is taking place. But a *Des Moines Register* study of one Iowa county showed that 70 percent of the land there had been bought by investors during 1986 and early 1987, the reverse of the normal ratio.

The problems have been compounded by deliberate policies of agencies like Farmers

Home Administration. In many states the agency is simply holding the land for three years, then classifying it as "surplus" so it can be sold to normally ineligible buyers, such as big farmers and outside investors. In other cases, the land is being sold more promptly but arbitrarily classified as "unsuitable" for small or beginning farmers. Through mid-1987, buyers who would normally be ineligible to buy FmHA land bought more than four-fifths of farmland where FmHA was actively selling its inventory.

There is the possibility that more insurance companies may follow the route tested by a few firms in recent decades and become active farmland investors. But most observers expect that they will try to sell off the bulk of their inventory when prices start to rise. A few states have tried to regulate those sales, such as giving the foreclosed farmer the first right to try to reclaim his land, but it is quite likely the land will be bought by big investors and managed on their behalf. David Ostendorf, director of Prairiefire, the Iowa farm advocacy group, estimates that within a few years land management companies will oversee one-fourth of the nation's cropland on behalf of absentee owners, up by half from the current level.

As ownership and control become more remote, stewardship of the land often declines. In one not untypical case in northwestern Missouri, a well-respected, longtime farmer lost his land when Mutual Benefit Life Insurance refused to restructure his debt or even rent to him or his son so that the family could continue farming. Instead, they sent in bulldozers that plowed out trees and fences, filling streams and ponds, eliminating terraces on the hilly, fragile land. It was all an effort to reshape the land to appeal to an outside investor looking for a uniform piece of land that could be quickly farmed according to the big equipment-herbicide-monoculture strategy. But the land wasn't suited for that, and the soil washed away, was leveled again, then eroded even more. Meanwhile the farm was poorly tended by distant, changing renters who had little knowledge of the land and little time to care.

The shift toward more concentrated land ownership is likely to exacerbate chemically intensive, ecologically insensitive agriculture. "Prior to availability of herbicides, we had to cultivate crops," said Pennsylvania State University agricultural economist J. Patrick Madden. "Then you had to really know your land. It was really skilled work that required a real artisan. One man could handle only so many acres like that without going bonkers. Enter herbicides: you can go like a bat out of hell and hire somebody who knows nothing about the soil."

Prospects for Relief

Farmer protest and organizing of recent years has won a few significant victories that may slow these trends to concentration, but much remains to be done. Agriculture tax expert Chuck Hassebrook believes the 1986 tax reform legislation already may be having an effect in some areas, such as discouraging tax shelter investment in giant cattle feedlots. The main benefits come from reducing the favorable treatment for capital gains, eliminating both the investment tax credit and the use of tax-exempt bonds by large corporate farms, and for the very biggest corporate farms eliminating cash accounting (which permits farms to write off all expenses in the year in which they occurred, a boon in simplicity for small farmers that is used by big operators to fuel ever-accelerating growth).

Likewise the \$4 billion bailout of the Farm Credit System approved in December last year included some small-farm protections. For example, FCS and FmHA lenders will have to restructure loans to financially stressed farmers if that would cost less than foreclosure (as is often the case). Also, in a demonstration project FmHA is supposed to guarantee 90 percent of loans from private lenders and subsidize a write-down of 4 percent on interest rates for qualified family farm buyers of FCS inventory land. There were also provisions establishing borrowers' rights, facilitating mediation of debt disputes, and helping socially disadvantaged farmers (if current trends continue, the once-numerous black farmers will lose all their land within a few years).

But the federal credit agencies have a very bad track record of living up to their legal requirements to help smaller farmers. Without a change of heart in implementation, this new legislation could mean very little. Also, the bill set up a new secondary farm mortgage market (like the already existing secondary market in which banks package and resell home mortgages to institutional investors). Touted as a way of injecting new money into farming (which is not the real problem in any case), this secondary market will benefit most the richer blue-chip buyers. By encouraging the richer farmers to leave the Farm Credit System, where they must buy stock in order to get loans, this new secondary market will weaken the Farm Credit System itself further. What Congress giveth with one hand, it taketh away with the other.

Despite the mixed progress on tax and credit policies, other biases to bigness persist. It would be good to eliminate remaining depreciation tax breaks that subsidize capital, encourage overproduction, and favor the wealthy (for example, favorable treatment of single-purpose structures, such as hog confinement buildings) and to establish a progressive inheritance tax to protect moderate-scale family farming and discourage the current trends to accumulated wealth.

Land Reform, Research, Supports

Two approaches are possible for dealing with the growing inventory of land. The first is to have a more systematic social refinancing of land, a deliberate, direct-loan program aimed at maintaining an efficient but equitable, ecologically sound farming system. The second strategy, politically less likely but feasible as a complement, is to treat farmland as a public utility, effectively nationalizing part of the FCS and FmHA inventories and providing farmers long-term right of use.

But there are at least two more legs of any sound farming policy: research and price or income supports. The research efforts of universities and the government have been skewed toward technologies that will further concentrate land control and intensify the industrial-chemical approach to agriculture.

Instead, research should focus on different methods of pest control, cultivation, land renewal, and farm diversification.

Madden said his study of land grant university agriculture technology research and regenerative (sometimes called organic) agriculture “led me to question the whole premise of the technology delivery system. To simply pursue technology that enhances short-term profits leads us down the road to conditions we can’t live with. Yet very few people are taking that contrasting approach. It’s more popular to go with profit.” It’s not as if the direction were inevitable. “Researchers can develop technology that is ecologically harmless and can lead us to the kind of agriculture we want,” he said. “We need a planning process that is a mixture of political, technological and ethical issues, but we don’t have an institutional structure at present that can pull it off.”

Finally, there is the issue of price and income supports—the main thing most people think of when the issue of farm policy comes up. Such interventions in the market arose because of some distinctive features about agriculture. It is still a very risky business dependent on the weather. It is also a crucial product; periodic food scarcity remains a threat despite current abundance, and no country wants such vulnerability. When there are many small producers with high fixed costs, there is an inherent and continued risk of overproduction. But demand is relatively inflexible: food prices can drop a lot and people will consume little more than they do already (and farm prices can drop a lot without food prices budging at all).

The price- and income-support programs have worked poorly in recent decades, disproportionately rewarding the richer farmers (despite limits on some payments) and probably encouraging overproduction of some commodities. In recent years, the combined supports have not given most farmers even a minimally adequate return for their work.

The “populist” approach favored by most farm groups (other than the agribusiness-oriented American Farm Bureau Federation) would raise the supported price of basic

commodities above the cost of production and then eliminate the need for separate income supports (the “target price” mechanism). It would then cut back production to levels needed for domestic use and reliable export needs plus a reserve. However, even though it would scale cuts so that the big farmers would have to retrench more, it could still end up yielding windfalls for bigger farmers, who could then increase their landholdings. More seriously, raising the price of commodities high enough to cover current costs or more, as the Harkin-Gephardt bill does, threatens to renew the spiral of land price inflation, which generates grounds for raising prices yet again.

Marty Strange has devised an ingenious, but complex, plan that avoids some of the problems of the Harkin-Gephardt approach. To oversimplify, federal agencies would assess the “agronomic potential” of farms, assuming sound conservation techniques. Any farmer participating in the government program would receive a requisition for a certain number of interchangeable “standard production units” based on market needs and his farm’s potential. Although the price support level would be raised from what it is now, it would be less than under the Harkin-Gephardt legislation, though there would still be “deficiency payments” available to stabilize incomes. But since the deficiency payment would be the same for all standard production units, farmers would have a market inducement to switch to higher-priced commodities. That would discourage overproduction of already glutted crops. The requisition would be progressively scaled to favor smaller farmers.

In theory such a program would maintain farm incomes with somewhat less government outlay for direct payments, raise market prices moderately, encourage diversification and shifts from overabundant crops, discourage land price inflation, and penalize overexpansion of large farms (and completely exclude investors who were not active farmers). It would not be oriented to ever-expanding exports at the expense of farmers and peasants in other countries.

Such a strategy maintains some useful

market functions, but it does not let the market override other important objectives: sound ecological standards, food security, small- to moderate-scaled farming by owner-operators. The “free market” approach to agriculture is hardly free. It operates within its own quite different constraints set by the corporate giants of agribusiness supply and processing, the multinational grain traders, and banking institutions. Ultimately agriculture has to be saved from domination by this price system.

An End to Speculation

Above all, farmland and other natural resources, like water, must be removed from the cycles of speculation, and the costs of depletion or damage to nature must be fully reflected in the market. Current trends in land investment make the old family farm unity of labor and capital creak with tension. Farm policy choices must recognize that. For example, it is socially justifiable to guarantee farmers a reasonable return on their labor. But that means farmers must enter a social contract that requires them to treat the land as a long-term social resource, not an object of speculation.

So the issue buried in the defense of the “family farm” is something far greater. It is saving agriculture from subordination to the dictates of market prices; treating land as something other than money; and maintaining a flexible system of small owner-operators against the tendencies of capitalist agriculture to concentration and industrialization.

It is tragic that U.S. agriculture should be on this road to larger-scale industrialization and lower skills for many farm workers. Analysts of American industry, such as Michael Piore and Charles Sabel in their intriguing work *The Second Industrial Divide* are proposing just the opposite for manufacturing. They argue that much manufacturing should move in the direction of smaller, flexible units built on skilled workers and democratic organization. These, in turn, would be sustained by a social network that encourages both innovation and competition but prohibits predatory behavior. American farming, with its established framework of extension services, local soil conservation boards, quasi-public and cooperatively run credit agencies, and numerous skilled farmers, could easily follow their prescription. But there would have to be a real commitment to develop an alternative to industrialized, concentrated agribusiness.

The question is not whether farmers themselves are noble, decent, or deserving of special treatment. Some are, others aren't, just as some are politically progressive and others, especially under the current pressures, have turned to the extreme right. Rather, there is an interrelated complex of questions—environmental, international, economic, and social—of importance to both farmers and the urban majority. And the best answer to most of these is a farming system that is sustainable, ecologically sound, moderate in scale, and democratic in ownership and control. □

THE MYTH OF FREE TRADE

Is it Part of the "Moral Law"?

Free trade is a myth. It does not exist; it never did exist, with the possible and limited exception of a brief period when Britain practiced it as well as preached it to expand its near-monopoly over world manufacture.

It is a myth that has bred a progeny of myths: the Peace Myth, that the "century of peace" between the Treaty of Vienna (1815) and the outbreak of World War I (1914) was due to free trade; the Depression Myth, that the Smoot-Hawley Tariff Act of 1930 caused or prolonged the Great Depression; and the Current Myth, that the great nations of the world in the post-World War II era have been working toward free trade.

The myth is so powerful that it dominates virtually all thinking of America's academics, who continue to reiterate classic clichés that never did and certainly do not today square with reality. The myth nourishes the high-flown rhetoric of statesmen who prate of free trade while practicing all sorts of protectionism. The myth is embraced by conservative businessmen who use it to promote their special economic interests, and it is dear to liberals, who see it as a way to curb monopolies, to help Third World countries, and to promote internationalism.

That free trade is a myth does not necessarily mean that it is bad. History is full of myths that have served mankind well. But this is a mischievous myth: It conceals the real problem of the world economy, maldistribution of income; it speeds the collapse of the American economy; it turns to globalized *laissez-faire* at a moment when the countries of the world need massive and collective intervention by govern-

ments in their highly interdependent economies.

Disraeli saw free trade for what it was when, in the 1843 debate over repeal of the British Corn Laws, he said: "Free trade is not a principle, it is an expedient." In the following century, however, free trade did indeed become a "principle" of prevailing economic dogma. "I was brought up, like most Englishmen," wrote John Maynard Keynes, "to respect free trade not only as an economic doctrine which a rational and instructed person could not doubt, but almost as part of the moral law. I regarded ordinary departures from it as being at the same time an imbecility and an outrage."

As an "expedient," free trade served the interests of the rising British textile manufacturers in the years following the Napoleonic Wars. England was the workshop of the world, far ahead of any possible competitors in its manufacturing potential. To open all markets everywhere meant to allow British manufactured goods to be sold everywhere and to deny other countries the opportunity to develop their own "infant industry." In addition, repeal of the Corn Laws meant that British bread would be cheaper and employers, heeding the "iron law of wages," could pay less to their employees.

John Stuart Mill understood the political dynamic behind Corn Law repeal. "A cause seldom triumphs unless somebody's personal interest is bound up with it. It would have been long before the Corn Laws would have been abolished in Great Britain [if] those laws had not been contrary to the private interests of

nearly the whole of the manufacturing and mercantile classes."

The "expedient" became a principle in the hands of Adam Smith, who saw economics as a subhead of theology—as a modern way to prove the existence of God "by design." Smith, a professor of moral philosophy, envisioned a world governed by a "divine being whose benevolence and wisdom have, from all eternity, contrived and conducted the immense machinery of the Universe so as at all times to produce the greatest possible quantity of happiness." God did not do this by personal appearances but by applying "the invisible hand." To prove that the Great Designer of the universe could work his benevolent will despite man's selfishness, Smith wrote *The Wealth of Nations* to reveal a grand design wherein even man's greed served the common good. To interfere with the working of the "immense machinery," the "invisible hand," was an immoral act, a sin against the "divine being." The true believer would not get in God's way but would let things be (*laissez-faire*) in both domestic and international trade. To do otherwise was to imply that man was wiser than God—a blasphemous thought.

The working of the "invisible hand" was, of course, visible for those who would see through the eyes of Adam Smith. Providence had seen to it that each country should be more adept at producing a given product than some other country. (Richardo later called these superior talents "natural attributes" that gave each country a "comparative advantage.") Each land would do what it could do best and exchange its wares with those of another country, thereby blessing the earth with "the greatest possible quantity of happiness." In this mysterious way, egoism became altruism. (No wonder that Keynes was taught to think of free trade as "part of the moral law.")

So profoundly and devoutly did Britain believe in the credo of free trade that it was ready to use armed force to impose this divinely ordained freedom on others—as in the Opium Wars. In 1839, China confiscated shipments of opium that the British, contrary to agreement, were smuggling into China. Brit-

ain, on behalf of the smugglers, declared war on China. In Parliament the action was defended as a necessary step to preserve "free trade."

When other countries began to develop manufacturing capacity, English free traders demanded that an embargo be placed on British-made machinery and on British coal so that other nations might not catch up with Britain. When, despite British efforts to keep other nations dependent on its manufactures, competitors did appear on the scene, Britain turned to the idea of empire as the answer. Trade barriers would be removed within the "commonwealth" while duties were imposed on those outside the commonwealth. Although such a move was clearly massive "protectionism," Joseph Chamberlain found suitable language to present the proposition as an improved form of free trade. "I say that such a proposal might commend itself even to an orthodox free trader," said Chamberlain in 1896. "It would be the greatest advance that free trade has ever made, to extend its doctrines permanently to more than 30 million of the human race."

Thus was the myth of free trade perpetuated as Britain set forth to organize the biggest protected market in the world—a model repeated in the next century by the European Common Market, a device to minimize trade barriers within a circumscribed zone while raising barriers against all those outside the zone. The interplay between "free trade" and empire is brilliantly documented by Bernard Semmel in a book with the oxymoronic title of *The Rise of Free Trade Imperialism*.

Although the myth of free trade was to provide the rhetorical rationale for imperialism, the real reason for Britain's expansionism was its need to deal with the perennial problem of "glut," the simultaneous "glut" of commodities, capital, and people—the Achilles' heel of any capitalist society cursed by a lopsided maldistribution of income. An empire provided a place to invest surplus capital, a place to ship surplus wares in exchange for cheap raw material, and a place to export surplus population—the jobless, the poor, the criminal riffraff.

This British "solution" became the European

solution, turning the century after the Treaty of Vienna into the Age of Imperialism, with its bloody and brutal conquest of tens of millions of “lesser” peoples in Africa, Australia, Asia, and Latin America. In the lexicon of the free trade mythologists, however, this war-drenched era was defined as the “century of peace.” Thus, Milton and Rose Friedman:

The century from Waterloo to the First World War offers a striking example of the beneficial effects of free trade among nations . . . one of the most peaceful [periods] in human history among western nations, marred only by some minor wars—the Crimean War and the Franco-Prussian War are the most memorable—and, of course, a major Civil War within the United States.

The peace myth is based on the fact that among the “western nations” there was no *major* conflict for a whole century—a fact that has little to do with free trade but much to do with the great powers’ fear of another French Revolution and its bastard child Napoleon. As Viscount Castlereagh put it: “The existing Concert [of Powers] is their only perfect security against the revolutionary embers more or less existing in every state of Europe; true wisdom is to keep down the petty contentions of ordinary times, and to stand together in support of the established principles of social order.”

In line with that policy, the great powers combined their forces to put down revolutions both in Europe and the Americas; they agreed to hold down wars among themselves for fear of revolution; instead they turned their militaries loose upon the defenseless peoples of continents still unblessed by Christianity. The result was a century of unending war. As Queen Victoria—the epitome of the Imperialist Age—put it: “If we are to maintain our position as a first-rate power, we must, with our Indian Empire and large Colonies, be prepared for attacks and wars, somewhere or other, CONTINUALLY.” (The capitals are Victoria’s—G.T.) The century of “peace” was a century of war—CONTINUALLY.

Sooner or later, these continual wars, directed against weaker peoples, had to become

wars between the great powers. The earth did not expand with the expanding needs and appetites of the imperialist nations. They began to collide in China, Africa, India, Persia, Latin America, the Middle East, and the crumbling remnants of the Ottoman Empire. The Great War (World War I) was the inevitable consequence of the Age of Imperialism, the bloodiest conflict in human history up to that time. Yet, the myth hath it, this was a century of peace—cradled by “free trade.”

In this case, the myth rests on another myth, since there was virtually no free trade as well as no peace. Britain had given up the practice, although mumbling away at the preachments, well before the turn of the century. Both Germany and the United States—soon to challenge British dominance in manufacture—rejected “free trade” because they saw in it “perfidious Albion’s” trick to enslave other nations eager to develop their own industries.

American manufacture was reared behind a protectionist fence almost from the day of the nation’s birth. In 1789, on July Fourth—Independence Day—the infant United States decided to protect its “infant industries” by passing a tariff bill, among whose stated purposes was “the encouragement and protection of manufacturers.” In his *Report on Manufactures* (1791) Secretary of the Treasury Alexander Hamilton outlined a comprehensive plan for the development of manufacture that called for outright bans on certain competing imports and subsidies for exports. The War of 1812 spurred American manufacture; but when the war ended, Britain set out to destroy this competition. As Henry Brougham put it to Parliament in 1816: “It was well worth while to incur a loss upon the first exportation, in order, by glut, to stifle in the cradle, those rising manufacturers in the United States, which the war had forced into existence, contrary to the natural course of things.” The United States struck back. In 1816, Congress passed a tariff act whose stated intent was purely protectionist, lifting rates by 42 percent over the prewar level. In 1828, Congress enacted a law that free-traders, mainly southern agricultural interests, called the Tariff of Abominations.

After southern influence was weakened by the Civil War, protectionism ran rampant, like

a wild pig. Although there was only one nickel mine in the United States, owned by Joseph Wharton, an act of 1870 protected the company against all foreign competition. Then there were the McKinley Tariff of 1890, setting duties on manufactured goods higher than ever before; the Wilson-Gorman Tariff, which, despite Democratic President Cleveland's efforts, did virtually nothing to lower the existing high tariffs; the Dingley Act, passed in McKinley's administration, which restored the 1890 schedule; and the Payne-Aldrich Tariff of 1909, which continued the tradition. Even under Democratic President Woodrow Wilson, the Underwood-Simmons Act lowered tariffs by a mere 10 percent.

Whatever the merits or demerits of these acts—protectionism plus piggishness—they make a mockery of the myth that the century prior to World War I was an era of "free trade" so far as the U.S. went.

As for the European powers, they were involved in amassing their empires with their systems of preferences and exclusions.

Increases in tariff levels did not end with World War I. The Emergency Act of 1921 and the Fordney-McCumber Act of 1922 lifted the tariff to the highest level ever—with no apparent negative effects on the American economy as a whole. Indeed, in 1929 America's output in goods and services hit the highest point in the nation's history.

Then in the fall of 1929 came the Great Depression. Glut had returned! The capacity to consume could not keep up with the capacity to produce—the ancient inevitable of a gross maldistribution of income.

The following year, the Smoot-Hawley Tariff was enacted. It was not a response to the depression. It started as an effort on the part of American agriculture to get the same kind of protection afforded American manufacture. All its major features were clearly in place *before* the depression and it did not become effective until *after* the depression. Nevertheless, free trade mythology charges that Smoot-Hawley caused the Great Depression of the 1930s.

Thus, Edward E. Yardeni, economist for Prudential-Bache, writes:

The single most catastrophic cause of the Great

Depression was the Smoot-Hawley Tariff of June 1930. Not the stock market crash of October 1929. Not the collapse of the Austrian Kreditanstalt bank during May 1931. Not the sharp increase in the Federal Reserve's discount rate during October 1931. Not the tax increase of 1932. Not the bank failures and not the collapse of the money stock. All these events contributed to the explosion, but the detonator was the tariff.

Yardeni's is a 1985 version of a myth that is so widespread that it is accepted as a "given." Yet all the facts run to the contrary.

The Great Depression began *before*, not *after*, Smoot-Hawley. The slump in the economy started in June 1929 (a few months before the stock market crash) and continued on to June 1930 (when Smoot-Hawley was enacted) and beyond. The decline in the eleven months *before* Smoot-Hawley was far more precipitate than in the eleven months after.

Smoor-Hawley had virtually no impact on the downward trend at all: the decline just continued downward on an almost straight line graph. The tariff had insignificant influence, because the tariff itself was statistically insignificant.

In 1930, American imports came to about \$3 billion, which was 3.3 percent of the Gross National Product. Of the \$3 billion in imports, two-thirds came in *free*. The actual duties calculated for 1930 came to \$482 million—a sum equal to one-half of 1 percent of the Gross National Product. Of the duties collected, moreover, Smoot-Hawley was only responsible for about 32 percent of the sum. So the final impact of Smoot-Hawley was about one sixth of 1 percent of the GNP.

To allege that such a trivial sum could have triggered or prolonged the Depression is a myth. It is also a mischievous myth because it attributes the Depression to Smoot-Hawley instead of to the gross maldistribution of income in the years leading up to 1929. Yet the myth had (has) its appeal to conservatives who prefer to point to Smoot-Hawley rather than income imbalance as the cause of the depression and to progressives waging their traditional war against monopolies.

Free trade enjoyed a brief revival in the

immediate post-World War II period, almost exactly a century after the repeal of the Corn Laws. This time the prime mover was not Britain but a United States that in the post-Hitler era found itself in almost exactly the same position as Britain in the post-Napoleonic period. The U.S. was now the "Workshop of the World," the source of manufactured commodities, machinery, and of capital. The strong American dollar could buy raw materials, such as petroleum, cheaply. "Free trade" for the U.S. meant a world market for its goods made with inexpensive raw materials, as it did for the British a century before.

Once more history repeated itself. Just as Britain was soon challenged by the United States and the European continent by producers who had risen from infancy behind protected walls, so too did the United States find itself challenged by the European Common Market and by Japan and, later, other countries—including recently "backward" nations. The challenge came quickly this time because American producers, unable to export their products to closed markets, simply exported their production, locating their facilities in lands where wages and taxes were low and where "protective" walls were high. For American producers who did their work in such favored lands, the idea of free trade *in the United States* was a delight, allowing them to produce and sell in "protected" markets overseas while exporting to the United States with its "unprotected" market.

Although the United States also began to devise its own protective measures, by relative standards, America—mired in a muddy myth—became an island of free trade in a protectionist ocean whose waves were washing away American manufacture. The myth, however, was not the only reason that America began to suffer the deindustrialization that Britain had experienced at the end of the last century. For American manufacturers who could produce and sell in protected markets overseas or who could produce cheaply in Third World countries and sell expensively in America, "free trade" in the United States was their updated version of "protectionism." For American importers and retailers, ditto. For American bankers who had made bad loans to Third

World countries, their chief "protection" was a "free trade" policy in the United States that would allow debtor countries to export to the United States far more than they would import from the United States.

To these economic reasons for favoring "free trade" in the United States must be added a major *political* reason: the purchase of allies in exchange for pieces of the American market—so many bases in exchange for allowing so many cars, panties, or television sets to be sold in the United States.

Despite these many pressures of special interests and of the State and Defense Departments in favor of "free trade," the United States was compelled—as was Britain toward the end of the last century—to turn toward "protectionism." But so powerful was the hold of the free trade myth on the thinking of the world, especially the Western world, that protectionist practices had to be garbed in free trade dress. Thus, the great nations met in "round" after "round" to announce reductions of *tariff* barriers and then rushed home to erect nontariff barriers, thousands of little pieces of red tape to break the legs of anyone trying to penetrate their boundaries with foreign goods that they did not want. To encourage exports, they all—including the United States—concocted super-sophisticated forms of subsidies, a no-no of classic free trade policy. They "negotiated" VERs (voluntary export restraints), which were quotas. Then they indulged in the ultimate and most deceptive form of protectionism, devaluation of currency, under the universal explanation that it was a way to ensure a "level playing field."

To the United States, the world's greatest creditor nation now turning into the world's greatest debtor nation thanks to annual trade deficits of more than \$100 billion a year, devaluation of the dollar appeared to be a natural solution. By cheapening the dollar vis-à-vis other currencies, American-made products could be bought inexpensively by people with yen, francs, lire, or marks, and foreign-made products would be more expensive for Americans making purchases with weak dol-

lars. The resultant rise in exports and decline in imports would reduce America's trade deficit.

What made this "solution" appealing is that it did not involve tariffs, quotas, nontariff barriers, or subsidies. Hence, it was touted as "nonprotectionist," even as "antiprotectionist," because it was a way to relieve pressure for quotas, tariffs and subsidies in the United States.

Once more the power of the free trade myth displayed itself, because the deliberate devaluation of the American dollar was pure-and-simple *protectionism*. When the dollar declined by 50 percent against the Deutschmark and the Japanese yen, as it did through most of 1987, the cost of any import from these countries was automatically doubled: what cost one dollar now cost two dollars. In effect, this was exactly the same as imposing an additional tariff of 100 percent on imports from these countries.

This "protectionist" measure worked—at least in part. By 1987, the *volume* of imports to the United States fell and the *volume* of exports rose—as expected. But, in terms of dollars and cents, the trade deficit was rising instead of falling, because whatever was imported required many more dollars. The consequence was that trade deficits—measured mon-eywise—rose to unprecedented heights.

There were other negative features of dollar devaluation. Because world oil is priced in dollars, some of America's competitors were able to buy petroleum at bargain rates, while America could not. To pay for imports, the United States had to borrow money from abroad, requiring it to allocate an ever larger percent of its product to pay interest on overseas loans. Dollar devaluation was also witlessly discriminatory, giving "protection" to some industries that did not need it and got it anyhow because they were competing against German and Japanese producers, but denying protection to other industries, primarily labor intensive, that were competing against Hong Kong, Singapore, Taiwan, and South Korea (whose currencies were pegged to the American dollar) or against Latin American countries whose currencies were falling even more rapidly than the dollar.

In sum, dollar devaluation is PROTECTION-

ISM in a form that is clumsy, irrationally discriminatory, a longtime drain on the nation's funds, and a fatal threat to the future of America once overseas investors conclude that to invest in dollars is to invest in a vanishing value. Yet—alas the myth—dollar devaluation is presented as "free trade's" answer to "protectionism."

The sad story is that the world today is probably more heavily "protectionist" than at any time in world history. Trade wars are being waged without halt. If they are less visible than in the past, it is due to the near abandonment of crass old weapons like tariffs and prohibitions in favor of sly supersophisticated stratagems such as government financing of production at home or consumption overseas with interest-free (low-interest) loans, suppression of worker rights to reduce production costs, and the government's purchasing obsolete machinery, designating inaccessible ports of entry for imports, revaluating currencies, specifying purchasing restrictions, *etcetera, ad infinitum, ad nauseam*.

The world war in trade is heating up because in the present world market no nation can make it without waging war against others, for the very simple reason that the world market cannot consume what the world can produce. There is a global imbalance between the planetary power to produce and the people's power to consume—that is, to buy. The ancient plague is back. The world is glutted with commodities, capital, and people without work.

This inherent and natural ailment of a capitalist society was somewhat countered in the near half century from 1930 to 1980 by policies of growth and redistribution (Keynesianism?) to contain the suicidal instincts of a capitalism left to the capitalists. In the years following World War II, however, governments have found it increasingly difficult, almost impossible, to continue such policies—even when they want to—because they are increasingly losing control of their national economies. The great corporations that governments tried to control are now getting out of control as the multinational replaces the

national company. These global corporations—globally owned and operated, gathering capital from many lands, and locating their operations in many lands—are able to thumb their noses at governmental regulations. If the “business climate,” as interpreted by a corporation, is not attractive in one part of the globe, the company moves its activities to another part. The old “natural attributes” that once provided “comparative advantages” to a company in a given land are now replaced by unnatural attributes—such as tariffs, quotas, subsidies, nontariff barriers, and currency devaluation—that bestow the “comparative advantage” on given geographic sites for corporate location. The natural propensity of such corporations, as Adam Smith noted, is to maximize gain, which—in a modern world where virtually all the factors of production are portable—means to locate where wages and taxes are low and protective walls are high. In the long run, this means relocation of the centers of production from high-wage to low-wage countries, from lands with progressive social policies to those with oppressive social policies. Such relocation means a redistribution of world income, a polarization with more income to a tiny top and less for everyone else.

The decoupling of corporation from country is nowhere better exemplified than in the American experience over the last two decades. In 1966, American multinational corporations had 17.7 percent of the world market; in 1983, American multinationals had exactly the same share of the world market. But the United States that enjoyed 17.5 percent of the world market in 1966 had only 13.9 percent in 1983. The reason for this odd development? American-headquartered multinationals do much of their production in other lands. Indeed, American multinationals in Japan do such a thriving business there that, if their sales in Japan were to be reckoned as American “exports” to Japan (which, of course, they are not), the balance of

trade between Japan and the United States would be in America’s favor.

Among the nations first to be adversely affected by the flight of the multinational operations to low-wage, low-tax, protectionist lands is the United States. Its relatively high wages and social programs make it a place to be avoided by the corporations. The consequence has been a steady deindustrialization of the United States, a deindustrialization inflicted on America by many of its most prominent multinational corporations.

One of the immediate effects has been the polarization of income in the United States as many of the blue-collar jobs—the upward escalator in America—have been wiped out. An equally devastating effect has been the increasing inability of the government to stimulate the economy by borrowing and spending. The stimulants that the government seeks to pour into the economy by deficit spending are wasted, as the “stimulant” goes to purchase wares made in other countries. In effect, America’s “free trade” commitment has meant that government expenditures have stimulated economies in other countries.

The end result is to weaken the American economy and, simultaneously, to make it more difficult for the government to come to the rescue by traditional Keynesian strategies. Although this is at the root of America’s present troubles, the United States is not alone. The global corporation is a threat to every advanced economy.

At present there is no supranational political institution to play a balancing role vis-à-vis global corporations in the way that past national sovereignties did vis-à-vis their national corporations. While the world economy has been (or is being) transformed into a global “factory” in a global “village,” no corresponding political institutions have, as yet, emerged. Nor can they, so long as our thinking is bemused by an eighteenth-century myth, yclept “free trade.” □

Barbara Probst Solomon

FOR JAMES BALDWIN

"I am on my way—I'm coming through."

—James Baldwin

The air snapped and crackled. December weather. The white Christmas minilights were already lit in New York. It was a funny day, this eighth of December. Overnight one had got accustomed to the American flag and the hammer and sickle entwined on television. It reminded me of my childhood in this city, the World's Fair, and World War II. In the media Russia and America were positioned as Allies; it was as if nothing had happened in between—to me or the world. Maybe we were living through historic times. This afternoon Reagan and Gorbachev were signing their nuclear arms agreement.

In New York, far from the parties in Washington, there was a sense of things ending. At noon in the Cathedral of St. John the Divine, on Amsterdam Avenue up near Columbia University, near the border between white New York and Harlem, near the streets Garcia Lorca wrote about in his time in New York, James Baldwin was being buried. He was sixty-three years old. He had had a heart attack a few years ago; after an awful year of stomach cancer he died in Saint Paul de Vence.

I took a taxi across Central Park. A crowd was gathering in the "Strawberry Fields" opposite the Dakota to sing Beatles music—it was also the seventh anniversary of John Lennon's death. But Lennon was an international symbol of the 1960s. Though James Baldwin became a symbol to the black civil rights movement, he was before that, and I

think ultimately, a true New York writer, particularly of the 1950s and early 1960s, that literary moment when conversations were quick with ideas, essays dazzled, and everyone listened, and everyone fought, and words were so important. Jimmy was a novelist at that precise crossroads when the *idea* of a novel was beginning to falter; he taught all of us the rhythms of the essay. In *Notes of a Native Son* (1955) and *Nobody Knows My Name* (1961) he combined a high-style Parisian urgency he had picked up in France—he first went there in 1947—and a special American intimacy born of the rhythms of the American writers who went before him—his hero was Henry James, also a self-exiled novelist and a great essayist—and the biblical cadences and moral messages that were the birthright of a Harlem storefront preacher's stepson, and the rhythms of jazz, and the anger of having been born black. Baldwin was my youth—the only writer of my time to have earned such a funeral.

Though some American novelists have made lots of money, writers have no official place in our society—we have no tradition of the grand funeral for "*hommes de lettres*" that has been such an integral part of French history. So Jimmy's funeral was extraordinary. There probably were about five thousand people at the cathedral. Students, Columbia University professors, writers, people from publishing, people from Harlem—all sorts and all ages came.

Understandably, the speakers stressed his role in creating a written moral language for the civil rights movement. But as I sat in that vast

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solemn space, I thought, finally, how *American*, and full of dreams invented and acted upon, Jimmy's life had been; even his years in France had been shaped by the books our generation had devoured about Hemingway and Fitzgerald in places like Cap d'Antibes. In the late 1940s, when Jimmy went there, France still had literary resonance for Americans. Jimmy yearned for quality—in writing, in ideas, in the look of things, the style of life. He was the first person I knew to own a sheepskin coat, sport a fur hat, and wear an oversize muffler. I see him before me in that wonderful outfit. He had the special delight in magical luxury of a kid who grew up bone poor in Harlem and who washed dishes in Greenwich Village spots before bolting to Europe.

His stepfather had been a Harlem "storefront" preacher—he had no real church, just an odd occasional room somewhere. And here was Jimmy's funeral. Finally he was being buried, in the biggest cathedral in the world, in one of the grandest writer's funerals in New York ever. The services were High Episcopalian, which is the fanciest and most snobbish that American religion can get, but it was the rhythms of black jazz that soared through the vaulted cathedral. First came the Processional—the Babatunde Olatunji African Drum Salute reverberated through that great gray stone space, like a wailing for dead African kings. The High Episcopalian ministers in their long white lace robes carried their tall gold crosses. They were followed by the mourners—a sad family, an aged mother, conservatively dressed members of the black bourgeoisie, Columbia professors in beige raincoats and Burberrys, a few glorious women dressed in the phantasmagorical stuff of a Josephine Baker; then there were 1960s hippies, and small children, and Ossie Davis, and Ruby Dee, and Max Roach. Odetta sang "The Battle Hymn of the Republic." There was jazz. Jimmy Owens played the trumpet and horn, and Danny Mixon the piano. They played "When the Saints Go Marching In" with almost unbearably pure pitch. The horn just floated at us. Then the speeches and the music were over. The mourners carried Jimmy's coffin down the cathedral steps to the waiting black limousine parked on Amsterdam Avenue,

and the funeral cortege drove slowly back up through Harlem, on the way to the cemetery.

But was Baldwin's ambition, really, to have been known as a "black writer"? Despite his anger at the deprivations whites have inflicted on those born black, I don't think so. The eulogies by Maya Angelou and Toni Morrison—both of the women close friends—indicated his literary complexity. As Toni Morrison said, there were many Jimmy Baldwins, and many different things will be written about him.

Jimmy had so much to combat. In his own eyes he was born short, puny, ugly—and homosexual. And poor. And black. In a period when even Tennessee Williams didn't quite dare to write overtly about homosexual love and desire and despair, Jimmy took the plunge: he wrote *Giovanni's Room*. I suspect he learned a lot from Henry James, some of it about style, some of it about how to convey a special sort of male anguish. But I felt a chill inside me during the services when Amiri Baraka delivered his revolutionary Marxist-Leninist tract in Baldwin's name. What flashed through my mind was that angry period in the 1960s when what had seemed to start out wonderful fell apart, and disintegrated into slogans and violent polemics—Baraka, then known as LeRoi Jones, lashed out in hatred of the white audience who came to see his play *The Flying Dutchman*. Andrew Goodman had just been killed in Mississippi. His parents were in the theater; it was an awful night.

Emmanuel de Margerie, the French ambassador, spoke, but no white American writer. I felt this omission shortchanged and distorted Baldwin's real literary place. Sure, he was proud of having been given the Légion d'Honneur, but his pride was at having merited it as a writer. He didn't leave America just to get away from the unbearable conditions of black life here—after all, he didn't go to Africa. He went to Paris because he had that very American idea, specifically of his generation, that it was the civilized place where writers went. His rage at the bitterness of being black in America formed him, but his writing transcended color—his style and way of writing has had an enormous impact on a whole generation, black and white.

Jimmy's relation to the civil rights movement

was more ambivalent than the eulogies indicated. Indeed, certain segments of the movement attacked him for escaping the battle and living in France, and even for writing so much about being homosexual. But some of his best essays were about his discovery in France of his abiding "American-ness." Neither Hemingway nor Fitzgerald ever wrote so concretely about being an alien in Europe. What Baldwin did was new—he "liberated" our generation from the lost-generation idiom. He leapt back over those 1920s writers, fished up Henry James, held on to him for dear life, modernized him. After he wrote about Europe in his special way, he gave us all permission to write about our encounters with Europe minus awe for Europeans. The greatest anguish Jimmy felt as a writer probably was that despite the emotional power of his early novels—*Go Tell It on the Mountain* and *Giovanni's Room*—he didn't write any book as great as Ellison's *The Invisible Man*, undoubtedly one of the three or four great American novels of the second half of the twentieth century. But in his combination of novels and essays, Baldwin developed a special literary voice, moral and angry, that shaped American writing far more than has been acknowledged.

Though the emphasis in the funeral was on Jimmy's blackness, in many ways he was a product of the primarily white New York post-World War II literary scene. His first essay, on Harlem, was published in 1948 in *Commentary*. The lead article in the first issue of the *New York Review of Books*, in December 1963, was a review by Fred Dupee of his essays, *The Fire Next Time*. Baldwin had a tremendous influence on Styron and Mailer. He led Styron to *Confessions of Nat Turner*. But with Mailer it was different. Real love-hate. (Peter Manso's book on Mailer records some of it.) They were always taking each other's measure. Baldwin had a devilish side; he accused Mailer of not daring to be homosexual, of being a Harvard boy, a bourgeois—"My mother took in your mother's washing." But together they also impishly gave a party in New York in the late 1950s celebrating the end of the Beat Generation—neither one defined himself as Beat. In the

foreword Baldwin wrote for my novel *The Beat of Life* he was sharply critical of the Beats: "the dubious protection of the uniform, the pose, the shrillness, the fake poetry and the fake jazz."

Unlike the Beats, both Jimmy and Norman were moralists, in awe of life and death and the grand verities. Baldwin's taunts about Norman's Harvardness resulted in lifting Mailer out of his lumbering Dreiserian moralism into something swifter, more modern: "The White Negro" was Mailer's retort to Baldwin. It was like a good tennis match. They volleyed with each other to win, and each improved the other's style. That volley deeply changed American writing. Literary anger—black and white—wasn't a result of the civil rights movement, but preceded it.

I wasn't a close friend of Baldwin's, but I felt a piece of my youth die with him in that sealed coffin carried down the steps on Amsterdam Avenue. He gave me my start as a writer—he "named" me. When I was still at Columbia in 1960, I wrote *The Beat of Life*, which, ironically, was about Columbia students who lived near St. John the Divine on the then-Puerto Rican Upper West Side. Cork Smith, my editor, sent galleys of the novel around. To his and my astonishment, James Baldwin, whom I had never met, replied with an amazing foreword, and thus changed my life forever. It was hard in 1960 to emerge as a female writer and be taken seriously. Even harder if you were "bourgeois" and had never in obvious ways suffered or could be thought to be the voice of ill luck, the mute, and the marginal. How to describe those times? I remember, after it came out, that I met John Updike at a Cambridge dinner party. He said to me: "So, publishers put a picture of a female author on the back of a book, and in come the reviews." Undoubtedly Updike thought he was being gallant in even recognizing that I had written a book, and in those times, and in those Harvard circles, his remark came out sounding vaguely like a compliment. What would never have been questioned then was his subtle distortion of reality. His suggestion that female writers were getting more than they were entitled to and had an unfair advantage in no way reflected the actual situation for women writers in 1960.

It was no accident that two of the writers who eulogized James Baldwin were women—early on he accepted women as writers, as beings capable of thinking. Maya Angelou's remark that he knew that black women need brothers wasn't merely a warm eulogy but a rarely commented-upon truth about Baldwin. A decade before the feminist movement he expressed those thoughts in what he wrote about my book:

. . . it is about the death of love, the hideously whistling space where all our values used to be. . . . There has probably never been a generation so ill equipped to deal with reality on any terms whatever. The sons never had any fathers to kill and so never became men, which failure is having a disastrous effect on everybody's daughter.

Jimmy's true obsessions had to do with human emotion and its arrests, the claustrophobic anguish of one generation beating incommunicably against another. He reminded me of Chekhov's fragile hero in *The Seagull*. It is always risky when committees, even good committees, try to mobilize the kind of urgent autobiographical anger born out of something deeply private within a writer. Baldwin desperately wanted the civil rights movement to succeed, but their special need of him placed strains on him in ways beyond their imagining. People in charge of causes never understand that a writer's voice can't be *owned*. Because Jimmy wanted to be loved, to please, he sometimes was too vulnerable to the demands of the outside world.

During the funeral I thought of that day in the early 1960s when I bumped into him during a Chicago winter snowstorm. "Come hear me speak," he insisted. It meant driving that night to Northwestern, out in the suburbs. But I did, because Jimmy had a certain lonely urgency to him, a charisma—a way of making you do what he wanted. I drove in the middle of a blizzard and then stayed on and talked with him and his friends until three in the morning. I drove home inch by inch through snowdrifts.

After the funeral I went across the street to the Green Tree. Elegantly dressed blacks—they had come to St. John's for Jimmy—were gathered at the next table. Then a white man walked in, and we ended up seated together. He said he was Arthur Geller, an old friend of

Jimmy's, but that in the 1960s they had had some falling out. We had something to eat and coffee, and he talked about knowing Jimmy in New York in the 1940s. I wasn't sure how it ended up that we were so separated from the blacks in the restaurant. Why didn't we talk to them about Jimmy, or they to us?

Later, I walked the few short blocks between the cathedral and Columbia. I thought of my time in the 1950s as a student there. Fred Dupee had been my professor. Images of different deaths, different funerals connected to the place came to mind. Galindez, the Spanish professor who was kidnapped by Trujillo's agents and dumped out of a plane to crocodiles, never was given anything official at Columbia. Trilling had had a discreet on-campus Columbia Chapel memorial, which had suited him. And Jimmy had the biggest, grandest cathedral funeral, as befitted his life—he had started out as an ordained preacher in Harlem. While I was standing on the street looking for a taxi, two young black women came up to me. I assumed they had been at the funeral—why stop me on the street? No, that wasn't it. One of them was a designer. "Your coat is such a different way of working fur—where did you get it?"

"I brought it home from Paris; I got it the summer the dollar was high."

"That was smart of you; it really is beautiful."

I blinked. Why were we having this conversation on Amsterdam Avenue about fur coats right after Jimmy's funeral? I was glad they had stopped me; it took away some of the bad feeling I got in the restaurant at the color separateness of the tables. I kept talking so much to them, they must have thought me garrulous. I nearly hadn't worn it, but then I had thought of Jimmy, and the flashy, stylish way he dressed, and thought, what the hell, why not?

In the taxi on the way home, I thought about those days and those unexpressed covert landmarks, even angers, that connect people in a generation to each other. Maybe other books could have been written, or people should have said different things or fought some battles harder and left others unfought. But that's like saying nobody should have died. On the way back I simply wanted to remember the way it had happened. □

Bernard Rosenberg

ASSAULTING THE AMERICAN MIND

**Does Allan Bloom's Book Have Anything
To Say About American Education?**

No one seriously interested in higher education can afford to read *The Closing of the American Mind*.^{*} Or so the late Dwight Macdonald might have put it. He practically did. Substitute "international relations" for "higher education" and you have the beginning of a review Macdonald wrote in the early 1940s. His target was a great book—if not yet a Great Book—entitled *How to Win the War and the Peace*, tossed off by Mortimer J. Adler.

In his squib, most of which I memorized, Macdonald remarked, "Mr. Adler once wrote a book called *How to Read a Book*. He should now read a book called *How to Write a Book*." So should Allan Bloom. Then again, mastery of the craft might be his ruination. Not knowing how to write a book, Bloom has produced one that is phenomenally successful. That's the ticket. Keep not knowing and you'll go far, maybe as far as Adler, who even in 1988 is breathing down Bloom's neck with *Aristotle for Everybody*.

That Bloom is not a writer I know from his declaration, a secret "confided" to the journalist James Atlas, who published it in the *New York Times Magazine*. With just the right combination of words Bloom said it all: "I am not a writer."

Well, as the joke goes: What do you call people who speak two languages? Bilingual. People who speak three? Trilingual. And those who speak no language? Americans. Allan Bloom is an American.

Too harsh? Perhaps. But try a sentence just for size:

After all, as Socrates points out, all societies look pretty much the same from the heights, be they Periclean Athens or Des Moines, Iowa.

No doubt Socrates was a farsighted man, but could he really have had a fix on Des Moines, Iowa?

^{*} *The Closing of the American Mind*, by Allan Bloom. New York: Simon & Schuster, 1987. 392 pages. \$18.95.

Twenty-five-hundred years before that splendid metropolis came into being? It's hard to check. Bloom seldom cites a source, and unfortunately, Socrates, like Bloom, was no writer.

Bloom's fondness for "off of," as in Heidegger bouncing "off of" Nietzsche, may just be a little prepositional infatuation. Moreover, if a scholar chooses to regale us with neologisms like "choice-worthy," why, once you twist your tongue, you can perhaps swallow them. By liberally sprinkling such barbarisms through his philippic, Bloom stands as a living refutation of his thesis that good schooling produces an educated man.

All right, syntax isn't everything. We can grapple with a sentence that appears on page 108 even if it takes some doing.

And one must begin to wonder whether there is any permanent literature for them, because there do not seem to them to be permanent problems for them.

Got it? Not quite? So reread. Still fuzzy? Try another: "Ibsen's *Ghosts*, for example, lost all its force for young people when syphilis ceased to be a threat." Do old people go on reading it? Can the play, with its transient theme, be updated by replacing syphilis with AIDS? There's hardly a paragraph without some such peculiarity embedded in Bloom's formulations.

Should Ronald Reagan or any future president enjoy the luxury of a line-item veto? The question's debatable. Give a rational commentator the line-item veto on an opus like Bloom's and not more than the shortest of English poems—"I? Why?"—would be left.

Consider in a chapter on "Nihilism, American Style," the subhead for a ten-page hodgepodge, replete with errors and outbursts. The subhead reads, "The Nietzscheanization of the Left or Vice Versa." You can work on that till the cows come home. It's no use. The cows come home, go out to pasture, and

come home again. Nothing happens. "Nietzscheanization" is baffling enough. Applied to the left, Bloom really spins out of control. Almost a hundred pages later he informs us that "the New Left in America was a Nietzscheanized-Heideggerianized Left." How so? Through the medium of one *Hegelian* Marxist or another, chiefly Herbert Marcuse but also Theodor Adorno and Georg Lukács, "the most prominent Marxist intellectual of this century." Let's suppose the left or the New Left got "Nietzscheanized" by Old Left Hegelians—already quite a trick. But suppose it anyway. What really throws me for a loop in the subhead is "or Vice Versa." How do you make such a vice versa? "The Leftization of Nietzsche"? Or maybe "Off of Nietzsche?"

How, then, are we to explain Saul Bellow's unfortunate foreword to these fulminations of Allan Bloom? Our Nobel laureate recommends the work as "an indispensable guide for discussion, a completely articulated, historically accurate summary," etc. The dust jacket follows this rhapsodic assessment with a puff in which I half suspect Bloom had a hand. Else why does the writer say that "what we see" through Bloom's eyes "is," and not "are," young people of a certain sort? That's Bloomesque English.

On the jacket's back, although grammatically impeccable, there are six hymns of praise by scholars from whom we should expect good taste. Conor Cruise O'Brien asserts, "This learned, passionate book, plainly and elegantly written, often with subtle or pungent irony, will have to be read [here we go, Dwight!] by anyone seriously concerned with universities. . . ." Bernard Lewis contends only that this "fascinating and illuminating book . . . should be read by every university teacher who is concerned about the nature and purpose of his vocation." Mary Ann Glendon of Harvard, likening our author to the good physician in Plato's *Laws*, revels in the "clarity, gravity, and grace" with which he makes his case.

Perhaps these early readers just browsed in a manuscript that I read syllable for syllable—and more than once—in a vain effort to find something other than spite, spleen, and bile, too seldom coherent or intelligible, except to the initiated. The initiated are disciples of Leo Strauss or disciples of disciples of Leo Strauss. The master did express himself with gravity, grace, and a semblance of clarity. German was his mother tongue. Naturally, therefore, he wrote better English than his American followers and their followers.

It happens that I was exposed to Strauss for some

years at the New School for Social Research, where émigrés constituted most of the faculty. Although they rarely agreed with Strauss, no one went so far as David Grene, an eminent Chicago classicist. Asked by Atlas about Bloom, Grene characterized his quondam student as "a bloody lunatic." I'm not sure. The clinical part is a psychiatric question. The rest is a mystery. Many of us heard Leo Strauss, when cornered by professional opponents on the nature of Kant's philosophy with copious quotations from Kant himself, actually insist that he knew Kant better than Kant did. Such an assertion is as perverse as it is unanswerable. And when Professor Strauss, a friendly, cherubic man who disseminated his retrograde notions with exquisite *politesse*, wasn't resorting to the argument that he understood an idea better than its originator, he had an even more original technique for disarming antagonists. Strauss would contend that every philosopher wrote *only* between the lines. Hence the need for interpretation, or hermeneutics, as Bloom repeatedly labels his own prolonged exercise in obfuscation. The inherently subversive message every philosopher conveys is written in a foreign language that requires translation. All this presumably to escape harassment from vigilant censors in the first instance and, in the second, to reveal the philosopher's actual point of view. Oldtimers will remember a book called *What Karl Marx Really Meant*. Strauss's method, in one form or another, is not exactly new. It has just been pushed to an extreme by a "Straussianized-Hermeneuticized" school of political philosophy.

The problem is not "explication of the text," which can be exceedingly useful. There is none of that in *The Closing of the American Mind*. Fathoming Strauss and his intellectual progeny is even odder than translating one of the "ancients"—all lumped together by Bloom as if there were no sharp differences among them, as if he had not himself alluded to an undifferentiated pack of wrong-headed pre-Socratics as against the faultless Socrates. Few of us are well-trained cryptographers. Still, that is what we must be to provide a definitive critique of Bloom. Insiders, those who have received the code by apostolic succession, will be at home. The rest of us must resort to guesswork. Who knows if we are decoding properly? When is Bloom's subtle irony being put into play, so that in striving to follow him, dictionary definitions are useless? How do we know the truth value of a *hosanna* like that of Walter Berns, who enjoins us to read *The Closing* with "an open mind"? Especially when hundreds of post-Platonic men and women and the sinister forces they released did so much to close the American mind. I twice tried to pry mine loose; the promised reward was a big one. Is Berns serious?

Because he too is a Straussian, there's no telling. "Read with an open mind." Open to what? To the hogwash that Margaret Mead was a "sexual adventuress"? That John Dewey was a "big baby"? Or are such bilious exclamations Bloom's supersubtle way of indicating the opposite of what his clumsy English symbols mean to those who do not share the Straussian revelation?

I suspect something that we outsiders can never know: when a Straussian like Bloom is by rage possessed, his true sentiments more or less coincide with those that appear in print. I accept that he truly hates anthropology and that it is a field embodied for him by Margaret Mead, Ruth Benedict, and Claude Levi-Strauss. What's so terrible about the study of various cultures? It leads to the sin of "relativism," and there can be no doubt that Bloom embraces absolutism. That Herodotus, surely an "ancient," is usually regarded as the most important forerunner of modern anthropology does not disturb Bloom. His avowal of worship for "the ancients" rings hollow, for even if we narrow that abstraction down to Plato and Aristotle, too much is omitted. Some dialogues are mentioned, but what about, e.g., the *Thaetetus*, which many logicians but no known Straussians greatly admire? Or the *Physics* of Aristotle, a work that, once rediscovered, helped spark the Renaissance? If Bloom is acquainted with Aristotle's logic, he shows no capacity to apply it. And non-Aristotelian logic so frequently used by contemporary philosophers would for that reason alone be repugnant to him. And why the nasty swipes at John Dewey? For upholding what? Not, as Dewey called it, Instrumentalism, but Pragmatism—with no mention of James or Peirce. And, though he does not stop to explain why, Bloom can't stand Pragmatism. His revulsion has the ring of authenticity.

But remember that Bloom's book, in all its sustained incoherence, is supposed to be about higher education, and, presumably, thousands of people worried about the state of higher education bought the book hoping to find some answers to their problems. They can have found little or nothing, except some rant that the souls of today's students have been impoverished at least partly because of the lower progressive education inflicted on them by John Dewey. This weary canard should have been dispelled long ago, if only by a remark Dewey once made. Asked to define infinity, he said: "It is the distance from my office to Teachers College." Where and when, oh Allan B., was Progressive Education ever implemented in the public or parochial schools of America? Can the

handful of private schools that so few of us attended have worked such mischief on our souls?

But it's not education—about which he has extremely little to say—that really interests Bloom. Education in the United States bothers him because this is "the American moment." That the moment is passing or has passed, as moments will, he does not seem to have noticed. Anyhow, it all started with an article in Bill Buckley's magazine on the parlous state of American universities—just as Buckley's career started with a book-long lamentation over the absence of God at Yale. Both had bigger fish to fry. Buckley, you might say, was an early Bloomer. If pressed, I'd defend the proposition that Allan Bloom is palpably more fearsome than Bill Buckley. Why? For the reason that Bloom's fish, which he fries to a turn, is democracy itself.

Bloom prefers aristocracy. Not in so many words, for his words get too mixed up, but insofar as they are decipherable at all. The borrowed quotations are clear. We are served several quotations and many references to Alexis de Tocqueville, whose *Democracy in America* Bloom misappropriates. The right has played this game all along but never more outrageously than in Bloom's case. Again and again Chicago's celebrity-philosopher makes selective references only to Tocqueville's view of the price that would have to be paid for democracy and never to Tocqueville's equally strong conviction that *the price was worth paying*. That, in a word, is Tocqueville's point. Who but a doctrinaire practitioner of far-right hermeneutics could fail to see it?

Most of Bloom's negative political effusions are devoted to attacking the Enlightenment. He despises Locke, and the *philosophes* fare no better. Bloom hates precisely those ideas that *opened and formed the American mind*. If we have our own Bloomsday, it will celebrate the decline of democracy.

For lack of space, I put aside his mysogyny, indeed his misanthropy, his homophobia, indeed his heterophobia, his slight touches of racism,* a whole

* I can, upon request, supply quotations from Bloom to substantiate these charges, but let me confine myself to one, a slight touch of racism. He writes: "... the substantial human contact, indifferent to race, soul to soul, that prevails in all other aspects of student life simply does not usually exist between the two races. There are exceptions, perfectly integrated black students, but they are rare and in a difficult position. I do not believe this somber situation is the fault of the white students who are rather straightforward in such matters and frequently embarrassingly eager to prove their liberal credentials in the one area where Americans are especially sensitive to a history of past injustice. . . . Thus, just at the moment when

compendium of hate with which America's book of 1987 is doing very nicely in 1988. To be sure, as I

everyone else has become 'a person,' blacks have become blacks. . . . 'They stick together' was a phrase often used in the past by the prejudiced about this or that distinctive group, but it has become true by and large of the black students."

Professor Bloom, if he read the papers as well as the classics, would know that in recent months there have been racist incidents on the part of white students at both the University of Massachusetts and the University of Wisconsin, both long known as strongholds of academic liberalism. Nor are these exactly unprecedented incidents. If black students withdraw into their own circle, it is often because they are not welcomed by many whites. Instead of excoriating the still powerful streak of racism among whites, both old and young, Bloom puts the blame mostly on the blacks.

write, *Trump* is doing better. Mr. Trump, however, has been a wealthy young man for quite a while. Bloom at fifty-eight or-nine has just made it.

There is a great joke here—that people of some education and seriousness should have thought this ill-written, incoherent, and pretentious book worth anything more than quick dismissal. The joke was well caught by Professor Robert Paul Wolff, who in an amusing review that appeared in the *Chronicle of Higher Education* treated Bloom with mock solemnity as if he were a character in one of Saul Bellow's novels, the sort of half-educated, fast-talking ranter that Bellow delights in portraying. In an age of illiteracy, and in a country where forty-five to fifty thousand new titles get published each year, it's hard to think of one more expendable than *The Closing of the American Mind*. □

Second Thoughts on the "Second Thoughts" Conference

It would not matter, if these turn-coats were not in such violent extremes. Between the two, they must be strangely perplexed in their own minds, and scarcely know what to make of themselves. They must have singular qualms come over them at times—the apparitions of former acquaintance and opinions. If they were contented to correct, and qualify their youthful extravagances, and to be taught by experience to steer a middle course, and pay some deference to the conclusions of others, it would be mighty well; but this is not their humour. They must be conspicuous, dogmatical, exclusive, intolerant, on whichever side they are: the mode may be different, the principle is the same. A man's nature does not change, though he may profess different sentiments. A Socinian may become a Calvinist, or a Whig a Tory: but a bigot is always a bigot; an egotist never becomes humble. Besides, what excuse has a man, after thirty, to change about all of a sudden to the very opposite side? If he is an uneducated man, he may indeed plead ignorance yesterday of what he has learnt today: but a man of study and reading can't pretend that a whole host of arguments has suddenly burst upon him, of which he never heard before, and that they have upset all his

earlier notions: he must have known them long before, and if they made no impression on him then to modify his violent zeal (supposing them to be right now) it is a sign either of a disinclination, or of an incapacity, on his part, to give truth a fair hearing—a bad ground to build his present dogmatical and infallible tone upon! It is certain, that the common sense of the world condemns these violent changes of opinion; and if they do not prove that a man prefers his convenience to his virtue, they at least show that he prefers it to his reputation; for he loses his character by them. An apostate is a name that all men abhor, that no man ever willingly acknowledges; and the tergiversation which it denotes is not likely to come into much greater request, till it is no longer observed that a man seldom changes his principles except for his interest! Those who go over from the winning to the losing side, do not incur this appellation; and however we may count them fools, they can't be called knaves into the bargain.

—William Hazlitt
"Arguing in a Circle"
THE LIBERAL, July 1823

Mona Rishmawi

FROM THE WEST BANK: AN ARAB VOICE

After twenty-one years of Israeli occupation, the status quo in the West Bank and Gaza lingers on, with dire implications for the future of the entire area. Palestinians and Israelis compete in denying each other's interests and aspirations, or, on a more profound level, each other's reality. The struggle between the two nations is reduced to a mutual refusal to recognize each other's right to exist. But this struggle is unfairly skewed in favor of those who can impose their will. With a deadlock on the diplomatic front, changes are being made on the ground that make a peaceful and just resolution of the conflict increasingly difficult.

On the Palestinian side, demands include the right to self-determination, including the right to choose one's own representatives, and the right to create a state. The Israelis, from their side, affirm the right of their state to exist, based upon their security needs.

The Israelis' right to security is a fundamental issue, taken for granted by most Israelis while generally not acknowledged as legitimate by Palestinians. The main reason for the Palestinian position is perhaps the perception that the Israeli authorities have abused and thereby consistently discredited the security argument during the past twenty years. In our experience in the Occupied Territories, it is evident that the authorities resort to citing security concerns whenever they need to negate a right or principle they cannot easily dismiss by rational argument.

I know from my own professional experience in the West Bank that the official Israeli notion of security is very flexible. The authorities cannot be pinned down on defining exactly what "security" means to them, and they do not indicate what precise criteria fulfill Israeli security requirements in any given case. Even if pushed to clarify this issue, the authorities will not give an answer: neither a

definition of the security concept nor precise guidelines in specific cases.

In principle there is some legitimacy to the use of the security argument *under certain limited circumstances*. International conventions governing the state of occupation, like the Fourth Geneva Convention of 1949, recognize the security needs of the armed forces in territories they are occupying. But the Israeli government, in defiance of most of world opinion, chooses not to be bound by this convention, claiming that it does not apply to its occupation of the West Bank and Gaza. At the same time, the authorities have indicated that they are willing to abide by the Convention's humanitarian provisions without, however, specifying which these are.

With the criteria remaining undefined, the Israeli authorities have been able to employ the security argument with such flexibility as to justify a number of fundamental features of their occupation, as well as many subsidiary practices. They range from the establishment and expansion of Jewish settlements, contrary to international law and world public opinion, to the introduction of Israeli civilians as heavily armed residents among an unarmed Palestinian population, which is bound to create tension or worse, to drastic changes in the administrative structure of the territories in order to accommodate Jewish settlements, and to actions aimed at controlling the local Palestinian population.

The Israeli concept of security is so far-reaching that not only does it prejudice the rights of the local Palestinians, but also in wider terms it perverts international law and conventions regarding occupied territories.

A few examples will have to suffice. Both Labor and Likud have vied with each other in advancing Israeli settlement in the Occupied Territories. For the Likud, this policy raises no problems, since to them the West Bank and the Gaza Strip form part of the biblical Land of Israel, which is theirs by divine

Ed. Note: This article was written well before the current events in the Occupied Territories and presents useful background information to them.

right. Pragmatism rather than theology seems to guide the other major coalition partner, Labor. Apparently angling for some form of partial territorial compromise at some future date, Labor has employed the security argument to justify settling certain parts of the West Bank and Gaza.

Today more than 52 percent of the land in the West Bank (excluding Jerusalem) has been taken away from Palestinians. In the 1986 report of the West Bank Data Project, Meron Benvenisti states that these lands are

designed for the exclusive use of Israelis whether official, communal or private. In that area, only Israeli planning and implementation processes operate. . . . Only Israelis may use "State land," build houses, construct factories and cultivate fields. Military needs receive top priority; almost half of the seized area is used for military purposes. Only 7 percent of the total Israeli region is designated for housing, but it can accommodate 800,000 to a million settlers (based on gross density of two families per dunam [quarter acre]). The area seized satisfies both short- and long-term Israeli interests.

The use of this land to build settlements for Jewish settlers is in clear contravention of international law. Similar objections stand with respect to the diversion or development of water resources for Israeli use outside of the West Bank.

Until 1978, the settlements remained legally almost unchallenged. In that year, in what proved to be a precedent-setting case, Palestinian landowners who had lost their land to civilian settlers at Bet El near Ramallah petitioned the Israeli Supreme Court sitting as the High Court of Justice. The military authorities, having requisitioned the land in 1971 for "essential and urgent military need," argued in court that this settlement served the security needs of Israel. The High Court accepted the government's argument by dismissing the contention that settlements are *per se* illegal under international law, specifically under Article 49 of the Fourth Geneva Convention and Article 43 of the Hague Convention. The wording of the Geneva Convention is unambiguous: "The Occupying Power shall not deport or transfer part of its own civilian population into the territory it occupies." The court decided otherwise.

Once the Israeli authorities saw they could override international law to justify settlements, they could override it for other actions to support settlements. So the security argument could then also be used to justify the further introduction of Jewish civilians into the Occupied Territories.

The argument developed in this way. Once there were settlers in the settlements, the authorities claimed they needed protection. The way to do this was to authorize them to carry firearms to defend themselves against any attacks from the occupied population, who quite naturally saw these settlers as hostile and dangerous. A special military order was enacted to enable these Jewish civilians to carry weapons.

Additional steps followed. In order to protect armed Jewish civilians living in the West Bank and Gaza, the Israeli authorities have changed the role of the entire administrative structure in the Occupied Territories—again to maintain "security." One example is the power given the police and, as a result, the attitude of the police toward both Palestinians and Israelis.

It has become clear that the primary task of the police in the Occupied Territories is to protect Israeli interests and especially those of Jewish settlers. As far as Palestinian residents are concerned, the role of the police is clearly discriminatory.

Let's look at two cases of killings in the Ramallah area. In March 1985, an Israeli settler was shot to death in the vegetable market of al-Bira. Immediately after the shooting, the towns of Ramallah and al-Bira were put under a strict curfew for a week—for "security" reasons. During that week, the deposed Palestinian mayor of Ramallah, Karim Khalaf, died of a heart attack. No Ramallah residents, except the mayor's closest family, were permitted to attend the funeral—apparently for "security" reasons. At the end of the week, however, with the curfew still in force, settlers were allowed to come and pray where their friend had been killed. Apparently, there was no security problem here. Within a few months, the killers of the Israeli settler were arrested, their houses were demolished before trial, and they were convicted and sentenced for the killing.

On December 2, 1985, Aziz Shehadah, a prominent Palestinian lawyer, was murdered in front of his house in Ramallah. That night, and during the following days, police behavior was distinctly different from that following the March killing. Laxness or inefficiency ruled the day. People's movements in the area of the crime remained relatively unrestricted. The information obtained from neighbors was not used to prepare an "identikit," and people living in the vicinity were not questioned about the crime. Until today, the murderer has not been found.

To summarize: Settlements were established. Settlers were given arms, and a structure was created to protect them. Then the Israeli authorities

introduced policies aimed at controlling Palestinians in the territories. "Security" was always the stated reason: the underlying reasons must be sought in nonsecurity concerns, such as the need to appease the settlers, some of whom, at times, have called for the expulsion of the Arab population.

The most recent example is the "Iron Fist" policy launched by the Israeli government in August 1985. The rationale for this new policy was, according to the authorities, to clamp down on "terror" in the territories. But no major disturbances had precipitated this new policy. What was happening was that settlers in the West Bank and Gaza were very upset about the prisoner exchange in May 1985, considering it a sign of weakness on the part of the Israeli government. In effect, they wanted either revenge or a simple show of force.

As a result of the "Iron Fist" policy (and considering the period up to July 1987 only) 41 people have been deported from the territories. In addition, at least 243 Palestinians have been put under administrative detention, that is, imprisoned for renewable periods of six months without charge or trial. In all these cases, the precise nature of the offenses allegedly committed by these people and the evidence bearing on their cases was not revealed—again, for "security" reasons.

By deliberately resorting to measures explicitly prohibited under international law, Israel is asserting an ambiguous concept of security—really a cover for ideological and political objectives. It poses at least a legal and moral dilemma for a country claiming time and again to be committed to democratic values to apply over twenty years provisions and regulations that clearly undercut these very same principles. It is hard to see the moral justification for the actions of successive Israeli governments in carrying out measures, like deportation, that are based on regulations (in this case, British Defence Regulations of 1945) that Israel's own former prime minister, Menachem Begin, once described as "worse than Nazi rules."

What is most dangerous about Israel's use of security arguments is the obstinate refusal to disclose the criteria it accepts as essential for a "secure" state of civil society. To be sure, security is a term with military and psychological connotations, but precisely because it is so evocative, it must be strictly defined. In Israeli hands the term has mushroomed to cover virtually all aspects of life, and thus any statement or action deemed unacceptable to the Israeli government becomes a violation of security.

Two instances illustrate this point. Some years ago the Israeli High Court rejected in case No. 221/80 a petition submitted by a prisoner to provide Palestinians in Israeli prisons with beds, as is the case with common-law prisoners. The petition was rejected on security grounds. The Israeli authorities also cited security concerns when they issued a directive prohibiting West Bank post offices from accepting mail weighing more than ten grams per piece. A colleague who wanted to send a letter from the Ramallah post office to a post box address in Ramallah was turned down and told that she had to mail it in Jerusalem, ten miles away. These examples give some indication of the way Israeli authorities operate: anything or anyone they don't like is likely to get tied up in the knot of "security."

What is really happening in the West Bank and Gaza today is a full-fledged colonization effort. The Israeli authorities are in fact colonizing the whole area through a variety of methods, including land expropriation, settlement, and exploitation of resources at the expense of the Palestinian population. The security argument provides the justification for other nonsecurity-related interests.

"Security" has become a magical word, a catch-all, which speaks to popular fears among Israelis, but which is used time and again by the political leadership to further any or all of its policies in the Occupied Territories. As a result Palestinians cannot challenge the "security" argument in any specific case, because it means everything—and therefore nothing in particular. In their daily lives Palestinians have come to see the security argument as a subterfuge based on fears so exaggerated as to stifle real political debate and (more important) to violate the basic rights of over one and a half million people living under occupation. □

Coming soon in *Dissent*

- John Judis on what conservatives can expect in the post-Reagan era
- Michael Walzer on socializing the welfare state
- Sanford Levinson on the Constitution
- Erazim Kohák on Twenty-First Century Blues

Anthony Borden

STARTING A NEW STUDENT MOVEMENT

The obligatory allusions to the 1960s in press reports about the national student convention held at Rutgers University the first weekend in February were as disappointing as they were relevant. *Newsday* in particular ran a photograph of a barefoot activist with frizzy hair and a tie-dyed bandana encircling her fedora, and a silly caption made the trivialization complete. One of the most healthy reasons to try to form a single national organization seemed to be to overcome the shadow of the 1960s by revealing some visible strength now.

But the organizers had invited some of that shadow themselves. A number of 1960s ghosts were there, smiling and trim. There was Bob Ross, a veteran of the Port Huron weekend that this one clearly sought to repeat, covering the event for the *Village Voice* but, it seemed, as often interviewed as conducting interviews himself. Barbara Haber was there, along with her husband, Students for a Democratic Society (SDS) cofounder Al, wearing a nice turquoise cap over his frizzy hair, advising and socializing. Most frizzy and visible of all was the familiar figure of Abbie Hoffman, on a first-name basis with the host organizers, a cosigner to fund-raising appeals for the conference and generally considered to be the real force behind it. If this is a new New Left, it's certainly distinguished in disdaining the brash, Oedipal adolescence that 1960s activists had shown toward *their* predecessors.

The student activists themselves were quite open about exploring their relationship to that heralded time, making frequent analytical references to the problems that had plagued SDS and the Student Nonviolent Coordinating Committee (SNCC) in terms of organizational structure, program direction, racial rifts, and historical moment. They wondered what the significance was for their mostly white gathering that the momentum for SDS had originally come from SNCC. Should they exclude the "alphabet sectarians"?—an echo of the anti-communist/anti-anticommunist debate. And the perennial question for activist groups was also considered with historical backlighting: how could they balance direct-action campaigns with sustained local organizing?

Unfortunately, although the turnout of nearly seven hundred students from over a hundred schools exceeded by three times the number expected, it

seemed after the first day and a half that these students felt more comradeship with historical memory than they did with each other. Of course, a number of national and strong regional organizations already exist, and activists from the Democratic Socialists of America, the Progressive Student Network, and the United States Student Association complained that the conception of this nascent organization as *the* national student group discredited their work. By not calling on these groups for help, the Rutgers people had spurned existing resources. And the absence of significant numbers of people of color clearly showed that the organizers had not adequately responded to criticisms on this point made as early as a year ago.

Combined with these divisions was the confusing theater surrounding the sectarian groups. To compete with a Young Communist League banner, somebody had hung a second one saying, "This is not a Communist Party convention!"—opposite a third, which announced, "We are not Redbaiting." More derailing, a member of the Red Balloon collective took over a seminar on ideas of a left vision and got his audience to writing a joint poem on postrevolutionary leisure time. Saturday was exhausting, not because the real debate was hard to follow but because it was hard to find.

Still, there was work to be done, with issues caucuses considering platform planks from anti-intervention to antidiscrimination. The MIT and Berkeley groups caucused late into the night, "boycotting" the evening's entertainment with Elder Abbie and Little Stevie van Zandt (which was actually pretty good) to put form to their constitutional complaints. But come bleary-eyed morning, none of this would apply. An ad-hoc students-of-color caucus demanded that any consideration of a formal constitution be delayed until the group could re-form itself as more truly multiracial. The gay, lesbian, and bisexual caucus echoed that demand for more adequate representation and more sympathy with their concerns. Together they proposed regional outreach networks to work on this as steps toward assembling the next convention.

That's when the drama really began. The dissident caucuses huddled amid confusion on the floor; a black Progressive Labor activist jumped on a bench to speechify and was bodily removed; and the Rutgers organizers became so unnerved that one finally broke into a folk song a cappella—before breaking into tears. The questions of what to do about the racial imbalance, the constitution, and the

rest of the day became so muddled that a hurried voice vote served to resolve little but that it was time for lunch.

Even as these moments were the most dispiriting, they also, finally, revealed some true passion, and thus some potential. The eloquence of Raynard Davis, of the Student Coalition Against Racism, served to remind how much this organization needed a leader, though he became discouraged and sat down. The immediate acceptance of the two caucuses' proposal was not a result of white guilt, as Ross suggested, but rather of a multiracial hopefulness that would be the best legacy from the early 1960s. From a structural standpoint, the regional outreach networks that were established created the kind of decentralized, organic structure that the MIT-Berkeley group had favored (though it may be too loose to convene another convention).

This points to the real question about the 1960s legacy that the conference raised but ultimately was too disorganized to work through. The one thing everyone knows about that decade is that it exploded the movement it created. But another legacy of the time is the myriad grass-roots organizations developed since, which are small enough to maintain coherence and strength to sustain them for the long run. Would a national organization, or a national umbrella, in fact be stronger? Can the disparate groups that exist now really hope to effect significant social change? These questions were not answered at Rutgers, but at least they were raised. When those seven hundred activists get over their disappointment and their midterms, this should be the first topic on their agenda. □

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Edouard Roditi

TOM PAINE, RADICAL DEMOCRAT

Much of American political history can be interpreted as a long series of deliberate betrayals of some of the ideals that inspired most of the troops that fought and won our War of Independence. While they were fighting, these ideals were all expressed in the writings of Thomas Paine, and they were so widely read, and had so decisive an impact on the morale of Washington's troops at a time when the war had taken a disastrous turn, that Washington expressed openly his admiration and friendship for Paine. Later, however, when Paine was in danger of death as a prisoner in revolutionary France during its Reign of Terror, Washington failed to intervene on Paine's behalf with the French authorities. But by then, he had already embarked on the gradual shift of ideas and policies that led him to abandon so much that had inspired his troops during the Revolutionary War. Paine had for some time been well aware of this change and had expressed his disagreements with Washington quite openly before his imprisonment; yet he nevertheless seems to have expected Washington to intervene on his behalf, if only in memory of their former friendship, their comradeship in arms, and the services he had rendered the American Revolution in its hour of need. Paine never forgave Washington his failure to intervene and later became involved in some all-too-personal bitter controversies with him.

Jefferson and Madison remained sympathetic to Paine at all times but often found him politically embarrassing, like their friend the poet Philip Freneau, who was a passionate admirer of Paine and, for this reason and some others, a scoundrel in the eyes of Washington.

American biographers of Thomas Paine remained, for nearly a century after his death, almost all malevolent. The Christian churches agreed to condemn him as an atheist, although Paine had actually expressed repeatedly and clearly his faith as a deist who believed in God, but not in the literature, the hierarchy or the liturgy of any organized church. Toward the end of the nineteenth century a few attempts were made to rehabilitate him. But these biographies of Paine all tended to concentrate their attention on his life and influence in America, neglecting his equally great and intellectually important activity in revolutionary France. A new French biographer of Paine, Bernard Vincent, has now amended this omission in *Thomas Paine, ou la Religion de la Liberté* (Paris: Aubier, 1987).

Its author is a scholar in the history of American political ideas, a translator of Paine, and the author of two previously published and philosophically very clear interpretations of the often somewhat confusing ideas of the late Paul Goodman in the fields of politics and education. In his biography of Paine, Vincent even quotes some unpublished writings of Paine he has discovered in French provincial archives, where they had never been previously consulted.

Vincent points out, of course, that Paine's revolutionary ideas soon aroused considerable antagonism among some of his American contemporaries, above all among the Federalists. His ideas on land tenure, in particular, were very original, though similar in some respects to those formulated in traditional Koranic law.

Paine argued that the land itself was common property, suggesting thereby that it was part of the Deity's creation and entrusted to man like the air or the seas and that only the improvements made by man on the land, such as buildings, crops, and planted trees, could be personal property that might be bought or sold. Should these improvements be allowed to deteriorate, the land that once had thus been improved should become common property again. Paine also advocated the abolition of the slave trade, the liberation of all slaves, and even equal rights as citizens for the American Indians.

He fought also for the abolition of the death penalty, and his suggestions for the reform of all taxation, though they may at first have been amateurish and not very practical, had the abolition of all poverty as their ultimate goal, so as to allow the children of the working class to obtain a decent education and all older workers to be assured of an old-age pension. Although he found himself from time to time obliged to change slightly this program of economic reforms, he stuck by his guns on many of his other basic principles, such as the abolition of slavery and of the death penalty, until his death. As a delegate to the French Revolutionary Convention, he thus argued at great length and in vain against the death penalty for Louis the Sixteenth and his queen, proposing instead that they remain imprisoned until the end of the war in which France was then engaged, after which they should be exiled, together with their children, to the United States. There, he firmly believed, they would be welcomed out of gratitude for their very considerable aid during the American War of Independence. Paine had even hoped that Washington might intercede officially on their behalf. His previous disappointments over

Washington's gradual political evolution toward a kind of conservative opportunism then began to develop into increasingly open and often cantankerous personal enmity.

Paine's greatest American enemies were Alexander Hamilton, of course, and Gouverneur Morris, who played a very devious and none too honorable part as the diplomatic representative of the United States in revolutionary France, in Paine's imprisonment there, and in delaying or discouraging any official American action to obtain his release. Vincent produces ample documentary evidence of the duplicity of Gouverneur Morris, who turns out to have been a veritable scoundrel and, in some respects, the prototype of many of our equally unscrupulous or servile diplomatic representatives abroad under various administrations.

But history sometimes has its own bitter ironies. Among his many other proposed reforms, Paine had advocated that dueling be forbidden by law. Some years later, one of his most violent opponents, Alexander Hamilton, was killed in a duel.

A reading of as factual, well-documented, and well-rounded a biography of Thomas Paine as this one should soon convince one that the United States, if most of Paine's political and economic principles had been applied and respected, would certainly not now be, after so many betrayals of his principles, what it has ultimately become under our present administration. □

Linda A. Rabben

THE PARTY OF HUMANITY

In an isolated "holler" in northern Tennessee, Marie Cirillo, an ex-nun, has lived and worked with local people for twenty years. The rivers of the area are polluted by runoff from coal mines, and the people seem irrevocably poor. This part of Appalachia is a kind of colony, because British coal companies own much of the land. Marie Cirillo's holler seems lost in time and chronic deprivation.

But for the past seven years, she and her neighbors have been developing a land trust, which amounts to an alternative form of local government in an area where incorporated towns are rare. The land trust marks an important change in the social organization of the region. Local people are building new structures of property holding, management, and governance. Marie Cirillo is over fifty now, and she expects to spend the rest of her working life

coping with the ramifications of this venture. "It's very complex," she says.

Across the state line in Kentucky, a group called the Kentucky Fair Tax Coalition (KFTC) has been working for changes in tax laws, environmental policies, local governance, and legislative accountability for more than five years. It began as a local voluntary organization, and its members soon discovered that other local groups were involved in similar issues. After eighteen months, KFTC had 225 members in thirty-five counties; it now has more than 1,300 members in 65 counties, a paid staff, and support from thirty-five church groups and foundations.

Almost a thousand miles north, the Land Stewardship Project (LSP) has its headquarters in Stillwater, Minnesota, near Minneapolis, and a project office in Lewiston, in southern Minnesota. LSP is a small group whose members work on conservation issues and their political and economic implications. In 1985, for example, LSP began monitoring the land management practices of insurance companies, which have come into possession of billions of dollars' worth of foreclosed land throughout the Midwest. In southern Minnesota, where erosion is a chronic problem, some of the insurance companies' new tenants destroyed conservation works that had been functioning for as long as fifty years. In response, LSP publicized the evil effects of fencepost-to-fencepost planting and framed local and state legislation to protect conservation measures, many of which are already subsidized by local and state governments.

These three groups are very different from one another, but they have one thing in common: they embody local responses to problems that are happening all over the country. In each region, rich and powerful interests, often from outside, and their local representatives have managed to control

decision making for years. Formerly apathetic or poverty-stricken people have organized to fight the abuses of power that inevitably result.

There are probably hundreds of such groups across the country. The issues they confront vary according to region. In the Midwest, the agricultural crisis has pushed farmers to join groups, sometimes for the first time. Far-right groups get media attention, but moderate, liberal, and left-wing groups easily outnumber them. Crisis hot lines have sprung up to advise farmers about bankruptcy laws or help them cope with thoughts of suicide. The groups publish newsletters, sponsor speakers, send delegations to the state legislature, come out in support of the "Save the Family Farm" bill now before Congress. In the South, white and black farmers get together to save their land, while Hispanic farmworkers organize co-operatives. In several areas, local groups have conducted participatory research, looking up deeds in county courthouses to find out who owns how much land. Some of these grass-roots researchers are part of an international network, IRED (Innovations et Réseaux pour le Développement), with headquarters in Geneva.

It is difficult to assess the importance and impact of these groups in conventional terms. Because they represent traditionally powerless people, they have only limited clout. But with persistence, they do manage to influence state governments and business interests. For example, the East Coast Farmworkers Support Network's first triumph after its founding in the early 1980s was to get a law through the North Carolina legislature outlawing slavery. KFTC files and supports class-action lawsuits to change inequitable tax and mineral-rights laws. The Farm Labor Organizing Committee sponsored a seven-year national boycott of Campbell's products that finally won a favorable settlement for East Coast farmworkers.

In Memoriam

HEDWIG PACTHER

The editors and friends of *Dissent* mourn the death of Hedwig Pachter. Along with her husband, Henry Pachter, who died in 1980, Hedwig was close to the magazine from its beginnings. In recent years, almost every article that appeared in *Dissent* first passed through her hands—and benefited immeasurably from her wide learning and her feeling for English prose. We will miss her.

At a time when fewer and fewer people bother to vote, these grass-roots groups provide a different kind of leverage for people. When conventional political strategies don't work, they outflank the obstacles, mobilizing support for local initiatives through direct action. The land trust that Marie Cirillo works on fills a local political vacuum, and because of the community's isolation, the project has met little opposition so far. Cirillo believes, however, that when the powers-that-be down the road figure out the implications of the land trust, they will fight it.

The history of grass-roots movements is full of small victories and decisive defeats. Many of the groups fail because of the very lack of resources that made them organize in the first place. Their leaders get coopted by the political and economic establishment. But the groups keep emerging; they represent the first step on the road to the exercise of local power, be it ever so modest. For women in particular, the groups provide an important opportunity to use pent-up leadership skills. (The KFTC's three principal officers are women.) Many of the groups also make it possible for blacks, Hispanics,

and whites to work together in areas where patterns of segregation used to keep them apart, to their mutual disadvantage.

In some cases, such as the land trust and the Land Stewardship Project, groups are creating alternative structures or programs that develop local resources independently, instead of spending energy fighting the effects of outside control. LSP sponsors a conservation project for twenty-five farm families, designed to encourage more sustainable agricultural practices in the long term. The program stresses minimum tillage; less use of pesticides, herbicides, and chemical fertilizers, diversification of crops as methods of preserving farm land, preventing erosion, and protecting groundwater. Repeated in many places by many people, such transformative projects can create conditions for changes whose implications we can only speculate about now.

This pattern continues throughout the U.S., as grass-roots groups challenge institutions that try to control them. Hope for the future, then, may be found out in the boondocks, where social movements and their leaders are growing up. □



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Brian Morton

GLASNOST IN EASTERN EUROPE

Lech Walesa says that *glasnost* makes him uneasy. "In my twenty-five years as an electrician I've had to tighten and loosen many screws. When tightening them I've broken only one, but I must have broken several hundred in my attempts to loosen them. And Gorbachev is loosening and loosening. . . ."

During the last few years, democratic oppositionists in Eastern Europe have been debating *glasnost*: what it means and how they should respond to it. Several magazines published in the U.S. and Europe let us listen in on these debates.

Three main currents run through them: skepticism, fear, hope.

Skepticism. Jacek Kurón of Poland comments that people in the West keep asking whether Gorbachev can be trusted—as if he were about to marry their children. When East-bloc oppositionists discuss Gorbachev, the question of whether he can be trusted never comes up. All of them take it for granted that his ends are not their own.

The term "democratic opposition" covers a wide range of political tendencies. Whatever their differences, all democratic oppositionists seek the reconstruction of what they call civil society—what we might call pluralism. Gorbachev has introduced a measure of pluralism in the arts, in journalism, etc., but of course he's never proposed to do away with the party's monopoly on political power. In a speech to Soviet writers he seemed to say that *glasnost* is precisely an attempt to soften the effects of the one-party system without putting an end to it: "We have no opposition. How can we keep ourselves under control? Only through criticism and a self-critical attitude. . . . But unlimited democracy can only turn into anarchy."

Because of this, the Polish historian Wotjek Lamentowicz argues that "the so-called new style of thinking is not so very different from that of Lenin or Stalin. It is based on the assumption that there should be no alternatives to party policy. . . .

Gorbachev shares with his predecessors the tendency to believe that there is one best way," and that the party, of course, is "the keeper of the best way."

If the East-bloc oppositionists aren't jumping for joy about *glasnost*, it is also because it's touched their own countries unevenly. In Czechoslovakia, for instance, political repression has grown *more* severe in the last few years. The Czech satirist Ludvík Vaculík comments that resisting *glasnost* is the boldest thing his government has ever done: "And those of us who have always wanted a government that doesn't lick another government's arse—well, we finally have it!"

Charter 77 signatory Petr Uhl says flatly that he holds little hope for improvement in the human rights situation in his country. He points to an increasing number of political prisoners, the suppression of the Jazz Section, and the arrest of an activist who tried to run for parliament as an independent candidate on an "essentially reformist, Gorbachev-like program."*

Some of Gorbachev's harsher critics, it may be, are locked in sterile postures of negation. No one can say this of Uhl. He has spent nine of the last twenty years in Czech prisons; yet he still defines himself as a Marxist. When he criticizes Soviet-type societies, it's because they fall so far short of socialist principles.

Fear. "Question: What will we have after *perestroika*? Answer: *Perestrelka*"—which is Russian for gunfire. According to historian Lamentowicz, this joke has been making the rounds in the Soviet Union.

East-bloc oppositionists are uneasy about *glasnost* because they have memories. Khrushchev's thaw was followed by Brezhnevism, in which the dissident community in the Soviet Union (with the exception of the movement for Jewish emigration) was systematically crushed. "Socialism with a human face" in Czechoslovakia was succeeded by one of the most repressive

* A slight thaw has begun in Czechoslovakia since this article was written.

regimes in Eastern Europe. Reform policies, as Charter 77 signatory Jiří Dienstbier writes, are often followed by “the rule of the iron fist.”

In this context, the limitations of *glasnost* can seem like something to be thankful for. As the Czech philosopher Milan Šimečka puts it, “I’ve got the feeling that the new Soviet leadership is not all that keen on dramatic moments. These have had a way of not always turning out for the best. . . .”

No one in the opposition regrets Gorbachev’s changes, but many of them are uneasy even so.

Hope. Most of the oppositionists who write about *glasnost* begin by listing the ways in which Gorbachev’s changes are no changes at all. But after they finish debunking him, almost all admit that they find it the most promising moment in decades.

Šimečka is one of the few oppositionists whose outlook could be described as sunny. A former political prisoner, Šimečka is still threatened with arrest from time to time—a fact he finds encouraging. “My memory tells me that it was not so long ago that dozens of totally innocent people were strangled on the gallows in our country, and nobody in those days chased up their friends to sign an angry protest.” In contrast to people like Lamentowicz, who stress the continuities between Gorbachev and his predecessors, Šimečka says that “when we look at the Soviet Union we should never forget that in Stalin’s day it was a horrifying place. We just can’t imagine how vile it was, anymore.”

Šimečka credits Gorbachev for bringing about important changes—but he also gives some of the credit to time. He reminds us that the “present-day French Republic is the historical continuation of a system created by a revolution in the course of which people’s heads were cut off. . . . [A]s the initial cruelty of wars and revolutions recedes further into the past, civilizing influences stand a greater chance, and there is an increased possibility of greater freedom and tolerance. . . . I see this process as something to be fought for, not as something that will inevitably happen of its own accord.”

A more cautious case for hope is put by the Polish historian Adam Michnik, who also offers the most interesting explanation of the rationale behind *glasnost*. According to Michnik, Gorbachev can best be seen as the pope of a communist counterreformation. Solidarity was the reformation: a workers’ revolution in a workers’ state, it stripped Soviet-style socialism of its pretensions to legitimacy.

The term counterreformation, in Michnik’s hands, involves a certain complexity. A counterreformation isn’t merely an effort to crush the ideas of the reformation. It’s something more subtle: it’s an

attempt to absorb and domesticate these ideas, blunting their “unequivocally anti-totalitarian edge.” A form, you might say, of repressive tolerance.

If in the past you’ve had your repression served neat, repressive tolerance doesn’t seem like such a bad thing. Michnik has little patience with those dissidents who “feel compelled to stress over and over again that the transformations in progress in the Soviet Union are a propagandist farce. . . . [T]hey are no farce. . . . Police rule is being replaced by politics, while a political dialogue is really getting the upper hand over repression.”

Michnik writes that the Polish opposition is divided between two views of Gorbachev. Some people are waiting for his downfall, “so that they can reiterate that communism is a system which is incapable of being reformed.” Others are hoping that the counterreformation will “open at least some channels for the articulation of the principles of political pluralism.” Michnik is among the second group.

This is the note struck again and again in these discussions: the hope that *glasnost* will give the opposition community a bit of room to press for changes that go beyond *glasnost*. “The restructuring of public institutions in the USSR,” writes Janusz Bialecki of Poland, “enables us to exert more effective pressure to go one or two steps further here. . . . Our greatest hopes are not bound up with what Gorbachev intends to do, but with a process that his policies might inspire.”

Hope comes in different forms. Michnik speaks of the spread of the philosophy of compromise. Janos Kis of Hungary speaks of the “decomposition of power” and the “emergence of new social movements.” Dienstbier sees prospects for the “dissipation of the Stalinist smog” and the revival of the “fundamental Marxian definition of socialism,” according to which “the free development of each is the condition of the free development of all.”

We shouldn’t exaggerate their optimism. Michnik sums up the prevailing mood. “Our hope grapples with our despair,” he writes. “But how can you live without hope?”

There are three good magazines devoted exclusively to coverage of the democratic opposition in Eastern Europe. Two consist mainly of reprints from the *samizdat* press in Eastern Europe and the USSR: *Across Frontiers* (P.O. Box 2382, Berkeley, CA 94702; \$10 per year) and the *East European Reporter* (P.O. Box 222, London WC2H 9RP England; \$25 per year). *Labor Focus on Eastern Europe* (c/o Crystal Management, 46 Theobalds Road, London WC1 8NW England; £9 per year) leans more toward analysis of Eastern Europe by Western leftists. □

Harold Meyerson

PRESCRIPTION FOR DEMOCRATS

THE LIFE OF THE PARTY: DEMOCRATIC PROSPECTS IN 1988 AND BEYOND, by Robert Kuttner. Elisabeth Sifton Books. New York: Viking, 1987. 265 pp. \$18.95.

In Ronald Reagan's America, Bob Kuttner has emerged as the Great Refuter. In *The Life of the Party*, Kuttner bemoans the paucity of Reagan Age journalists attempting to "influence the mainstream debate from the left." Kuttner is the preeminent exception to his own rule. No one has more effectively attacked the conventional wisdoms of a mean time.

Through his writings on economic policy in the *New Republic*, *Business Week*, this, and other journals, in his columns, and in his 1984 book *The Economic Illusion*, Kuttner has steadily assailed the fundamental assumption underlying the shift to the right: that policies promoting equity inevitably impede growth and must be sacrificed to attain it. Against the alleged necessity of rising inequality as an engine for growth, Kuttner has hurled an array of alternatives from the American past and the international present.

Now, in *The Life of the Party*, Kuttner takes on the prevailing Democratic orthodoxies that counsel acquiescence to Reagan Age verities if the Democrats are to retake power. For Kuttner, the road to the Democratic comeback veers toward neither the hawkishness of neoconservatives nor the benevolent austerity of neoliberals; nor does it veer toward the search for a new generational majority that has proved stubbornly nonexistent. Instead, Kuttner reasons that during the period of Democratic hegemony from 1933 through 1969, the Democrats must have been doing something right, which he proceeds to identify and commend to today's party. In today's stagnating economy, he writes, "Demo-

crats can regain their status as a majority party only by building a majority coalition of ordinary wage- and salary-earning people, whose political and economic interests are not identical to those of the wealthy."

If many resist Kuttner's cure, it is because the balance of class forces within the Democratic party has tilted disastrously upward. Kuttner sees the decay of the labor movement as a leading cause of the Democrats' decline. "The social democratic balancing act can be maintained politically," he writes, "only when masses of nonrich voters remain in a high state of political mobilization and institutions of mass participation and social democratic values remain in good working order."

As mass participatory politics have collapsed, the Democrats have substituted money for people as their primary means to power and have altered their policies accordingly. Kuttner demonstrates the corrosive effects business and PAC money often have on the Democrats and discusses two other increasingly problematic sources of party funding: the pro-Israel nexus centered around the American Israel Public Affairs Committee (AIPAC) and the socially liberal money of Manhattan and West Los Angeles. He observes that the logic of AIPAC funding—support for all members of Congress with pro-Israel voting records—has in recent years led to significant rifts between Jewish funders and Jewish voters, with funding going to such egregiously reactionary incumbent senators as Wisconsin's Robert Kasten and New York's Alphonse D'Amato, while Jewish voters overwhelmingly favored their equally pro-Israel, more liberal opponents. Kuttner alludes to the establishment of more liberal, multi-issue PACs in the Jewish community as a counterweight to AIPAC's single-minded priority of foreign aid; these PACs could play an increasingly important role as the American Jewish community divides over the proper approach to the Israeli-Palestinian conflict.

Kuttner is also chary about the party's growing

dependence on the socially liberal elites of New York and L.A. The issue here is not merely the resistance of some within these elites to a populist economics, but the failure of almost all within these elites to apprehend its centrality to a Democratic renaissance. "What the party cannot be," Kuttner writes, "is an awkward alliance between rich eccentrics and the dependent poor."

What it is that the Polo Lounge left cannot glimpse is the majority of working and middle class Americans whose incomes have stagnated since the first OPEC embargo fifteen years ago. *The Life of the Party* provides a useful compendium of the research undertaken among white working-class and "new-collar" voters by Ralph Whitehead, Stanley Greenberg, and others. Their surveys turn up more than the Archie Bunker of Polo Lounge imagination—or, rather, even when they do turn up Archie, they find that he's concerned about his job, his health insurance, affordable housing for his daughter and "meat-head" son-in-law so that they can move out, and ensuring fair and adequate pay for Edith, who has long since gone into the job market. The Democrats are never going to win Archie's vote on social issues, but they could reach him on economics—if only they had a program.

They haven't, Kuttner points out, since 1965—an even greater problem when it comes to winning the votes of Archie's understandably unnostalgic kids. For Archie's generation, at least, the Democrats provided affordable housing and education through FHA loans and the GI bill "and the whole *de facto* social contract that worked to serve popular wants." In the years since the enactment of Medicare, though, the Democrats have offered programs targeted primarily at the poor (in the late 1960s), then fiscal policies targeted chiefly against the economic interests of its own working-class base (the Carter administration), and then an across-the-board tax hike to close the deficit (the Mondale campaign).

No wonder that working-class voting, low to begin with, continued its sickening decline during the 1980s, so that by 1986 voter turnout outside the South reached its lowest level since 1798. In terms of voter participation, we have regressed beyond the Jacksonian revolution, indeed, beyond the Jeffersonian. Our electorate is being winnowed down to Federalist party dimensions—and a Federalist party socioeconomic composition. Kuttner reports that a mid-1980s Census Bureau survey showed 79 percent of college graduates voting, but only 44 percent of those who had not finished high school (and this second figure, Kuttner demonstrates, is probably high)—a class tilt unknown elsewhere in the industrial West, where social

democratic parties ensure against such erosion. No wonder the 1980s were Republican.

The error that unites the otherwise dissimilar neoconservative and neoliberal communities is to take these numbers as immutable constants of American politics. For both, American politics will forever unfold against a shrunken and demobilized electorate. Having condemned the Democrats to perpetual failure, each then proceeds to prescribe for the party a politics focusing on cultural and foreign policy issues, though they are on opposite sides of these questions. Ironically, the Democratic neoconservatives arose in the late 1960s and early 1970s urging the party to shun its foreign policy preoccupations and to focus instead on bread-and-butter economic concerns in the Roosevelt-Truman tradition. By the mid-1980s, it is the neoconservatives who place cultural and foreign policy issues at the forefront of their proposed Democratic agendas (to whatever degree neocons still concern themselves with Democratic prospects at all), while many of the veterans of the 1960s have long since turned, via Citizen Action and other avenues, to the very issues that early neocons originally commended to their attention. But the neoconservative strategy has had little success in holding the white working class even in the South, as John Glenn discovered in 1984. To the contrary, as Kuttner points out, from Roosevelt and Huey Long through Texas Agriculture Commissioner Jim Hightower, the South has responded to a populist politics.

Kuttner finds the strategic views of the neoliberals equally constrained. "Playing to the social liberalism of the suburbs does help some centrist Democratic governors," he notes, "but it is lethal to the long-term fortunes of the Democratic coalition. Those same suburbs voted heavily for Reagan, while the Democratic base sat on its hands." Indeed, in each successive 1980s election, as I pointed out in the winter 1988 *Dissent*, the Democrats have done progressively better among more affluent voters and progressively worse among their core constituents in less affluent communities, both in terms of the percentage of their vote and of voter turnout. This is the neoliberal harvest, and like Ninotchka analyzing the effect of the purges, the party powers seem to be entranced by the fact that there will be fewer but better Democrats.

The Kuttner program, by contrast, is to rebuild the ties between the Democrats and their battered constituents through a series of universal programs that seek to remedy the dislocations of an economy in transition. He contends that

The single most important area for real leadership in domestic policy is that closely interconnected set of issues involving education, labor-market policies, employment opportunities, and related family supports. . . . Nothing is more profamily than a good public school or a good training program or a career opportunity that offers a living wage.

The foremost factor inhibiting the Democrats' ability to deliver the economic goods as they did in their heyday is, of course, the rise of an internationalized economy that undercuts the capacity of governments to subject the economic realm to political control. As Kuttner virtually alone has pointed out (at least in journals read by nonspecialists), the international order created at the end of World War II initially sought to extend a moderate Keynesianism to the global economy, an order that the transnational corporation and international banking has now all but smashed. The creation of an international mixed economy and a national managed trade policy is essential to defending the interests of Democratic constituents, the national economy, and the debt-devastated Third World.

Standing stubbornly between the Democrats and these policies, however, is the entire Democratic economic establishment, who, Kuttner notes, have never fully reconciled themselves even to the purely domestic strain of Keynesianism. "Social Security, national health insurance, all kinds of subsidy and regulation tend to make neoclassical economists uneasy," he writes. Centered in the Brookings Institute, the establishment economists, bolstered by the party's increasingly influential business donors, have foisted on the party policies that demand the most from the unaffluent middle and working classes and, correspondingly, that cut the legs off Democratic candidates when they approach those classes for their votes.

Counseled, then, by economists and funders, by neolibs and neocons alike to shun a populist economics, the Democrats have staggered to the end of the 1980s with their identity a mystery to the general electorate and to themselves, perhaps, most of all. What are the prospects for reversing this slide—a

reversal I identify with the party's deciding to enroll in the Kuttner school of progressive populism? As I write, on the eve of the New Hampshire primary, it appears that a brand of populist politics has been resurrected by a most unlikely candidate, Missouri's Richard Gephardt. What Gephardt did in Iowa was to borrow a series of compelling populist themes from one of the party's less electable candidates, Jesse Jackson. The most intriguing thing about Gephardt's appropriation of Jackson's anticorporate line was that it enabled him to reach the very same white working-class vote that Jackson was supposed to drive into the Republicans' arms. Gephardt carried the self-described "conservative" vote—the voters who did not go beyond high school, the union household vote—by inveighing against the multinational corporate establishment, calling for a militant trade policy, and suggesting farmers should determine their own production quotas. Gephardt is manifestly not the ideal test case for a populist politics—everything about him suggests service to rather than defiance of the governing establishment—but his early success nonetheless confirms the electoral viability of Kuttner's strategic vision.

By contrast, frontrunner Michael Dukakis—at least at the time of this writing—remains blissfully adrift in the themeless Democratic mainstream. Dukakis's Iowa ads focused on ending aid to the *contras* and increasing aid to the homeless—commendable concerns both, but neither one a point of contention within the Democratic field, and both of them targeted at the consciences of middle and upper-middle class voters. There was nothing there to offend working-class voters, but nothing to address their daily concerns, either.

Yet Dukakis's ads passed without notice, while Gephardt's ran smack against the free-trade orthodoxy and dismissal of working-class concerns that suffuse media and establishment thinking. Indeed, this reaction demonstrates that at bottom many neoliberal Democrats are more comfortable attacking their own core constituencies as "special interests" than they are attacking the corporate core of Ronald Reagan's America as a vested interest.

In sum, whether the Democrats will choose to save themselves by embracing the Kuttner program of progressive populism is still very much an undecided question. What is beyond question is that there is no other plausible strategy—neoliberal, neoconservative, Caddell-generational, what have you—that is adequate to the task. That is, we'll know we have arrived at the Democratic moment when Bob Kuttner is no longer the refuter of prevailing policies but their formulator. □

Changes

With this issue Mark Levinson and Brian Morton become editors of the book review section. Our thanks to Luther Carpenter, who edited it for the past three years.

—EDS.

Gary Gerstle**A MAJOR HISTORY
OF AMERICAN LABOR**

THE FALL OF THE HOUSE OF LABOR: THE WORKPLACE, THE STATE, AND AMERICAN LABOR ACTIVISM, 1865–1925, by David Montgomery. New York: Cambridge University Press. 494 pp. \$27.95.

Since the early years of the twentieth century, historians have characterized the American Federation of Labor (AFL), the preeminent organization of American trade unionists from the 1890s through the early 1930s, as craft-dominated, procapitalist, and politically tame. America's pioneer labor historians, members of the "Wisconsin school," celebrated the rise of the AFL as a natural adaptation by American workers to a society that deemed the pursuit of private property the highest good and most precious legal right. In their view, American labor was wise to jettison the "woolly-headed" schemes—Marxism, Greenbackism, Henry George's Single Taxism, the Knights of Labor's dream of ending the "wages system"—on which late nineteenth-century workers had squandered so much energy; wise to focus instead on improving its economic power in ways that the capitalist system allowed.

Such views of business unionism have been subject to incessant attack these last fifteen years by the "new labor historians," scholars defined by their antipathy to capitalism and their desire to write *social history*—the history of ordinary people rather than of "great men" and "great institutions." This twin perspective has led these new historians to discern in the "woolly-headed" schemes of nineteenth-century workers a widespread opposition to the new forms of capitalist social relations and to mourn the rise of the AFL as evidence of capitalism's triumph. At best, they have seen the AFL in light of desperate struggles by a few groups of workers to maintain a smattering of dignity and economic security in a period of working-class defeat; at worst, they have attacked the AFL for repeatedly selling out the lesser skilled, the newly arrived, and the darker skinned.

Even as the reputation of the AFL was thereby diminished, the notion that it represented a procapitalist, craft-dominated form of unionism remained pretty much unchallenged. Until now, that is. David Montgomery's stunning new book, *The Fall of the House of Labor*, has swept that characterization into the dustbin of history. Montgomery argues that in

the first two decades of the twentieth century the AFL was home to many different kinds of workers: semiskilled operatives and skilled craftsmen; socialists and business unionists; "new immigrants" from southern and eastern Europe and native-born Americans descended from German and Irish stock. He argues that a social democratic political tendency—"progressive" in the language of the time—gradually gained strength in the AFL until it represented, at some point between 1916 and 1922, a majority of its members. These internal developments were, Montgomery suggests, part of a much broader awakening of the American working class. The furious, nationwide strike activity of these years (greater than in any other period of similar length), widespread experimentation with worker councils on the shop-floor, broad working-class support for the nationalization of the railroads and coal mines, increasing sentiment for a farmer-labor party, and a political discourse dominated by such ambitious terms as "the labor question," "industrial democracy," and "social reconstruction"—all point to this period as a high-water mark of radical, working-class activity. Montgomery has restored to the AFL the importance that the Wisconsin school once bestowed on it, while infusing its ranks with the kind of anticapitalist sentiment so admired by the new labor historians. It is hard to escape the conclusion that from 1916 to 1922 American workers and their AFL unions came as close as they ever have to remaking their economic and political world. *The Fall of the House of Labor*, then, is really about labor's rise: the making of the American working class.

The story of labor's rise, as Montgomery tells it, begins in the widespread working-class unrest in the Gilded Age, apparent in the meteoric rise of the Knights of Labor in 1885–86, in such fierce conflicts as the Homestead ironworkers strike of 1892, and in campaigns for state labor legislation like the one that stirred Massachusetts politics in the 1890s. But Montgomery sees that unrest as necessarily episodic and reformist. The three major groups of late nineteenth-century workers—the craftsmen, the factory operatives, and the common laborers—lived in such different "worlds" that any alliances they managed to build quickly collapsed. The craftsmen, the group upon which the political fate of the working class depended most, enjoyed too much shop-floor power to contemplate a fundamental reconstruction of the social order. Factory operatives, Montgomery claims, did begin to question the whole "wages system," but they did not possess

enough political weight to dislodge the craftsmen and their reformist attitudes; nor did the common laborers among whom sustained programs of trade union or political action rarely took root.

What did dislodge craftsmen and reformism was the intensifying search of capitalists, their economic system reeling from the depression of the 1890s, for order, efficiency, and mastery both in particular enterprises and in the country as a whole. More and more of them seized upon Taylor's principles of "scientific management," calling for the careful measurement of every worker's labor and the breakdown of any complicated job into simple, repetitious motions, as a way to improve productivity, remove the power that craftsmen had long exercised over the shop floor, and produce contented workers. In Montgomery's eyes, the conversion of American managers to such techniques quickly homogenized the workplace experience and thus unintentionally enhanced the possibilities for collective action. Moreover, the growing tendency of managers to innovate endlessly with little regard for the customary prerogatives of craftsmen or for the human needs of operatives created a radical disenchantment with capitalist productive relations. In short, only under the impact of growing managerial power in the early twentieth century did the "labor reformism" of the Gilded Age give way to varieties of socialism.

The weakest link in this gripping analysis—and the one on which Montgomery focuses—is his claim that scientific management dissolved structural divisions within the working class and triggered widespread radicalization. Montgomery frankly acknowledges what has become common knowledge among historians: that the ideology of scientific management in this period was more widespread than its use. Montgomery's painstaking research into workplace experiences, moreover, reveals an early twentieth-century world of work still staggeringly diverse. He deals with these inconvenient facts in two ways. First, he argues that the influence of scientific management should not be measured by the number of time-and-motion studies undertaken or the number of scientific management programs formally commissioned; the true measure of its influence, he suggests, is the degree to which the principles of scientific management seized the imagination of American managers and thus affected their shop-floor supervision. By this standard, Montgomery claims, scientific management did indeed extend its reach over greater and greater sectors of American industry in the first two decades of the twentieth century, instilling in millions of

workers in diverse work settings a set of common grievances.

Montgomery's second argument comes as an admission that an important section of the American working class did not, in fact, experience the principles of scientific management in any form and thus did not develop "progressive" versions of class consciousness. The building trades, their ranks prospering from the still-fevered pace of urban expansion and their work patterns virtually identical to those that prevailed throughout the nineteenth century, formed the core of this group. Some building tradesmen occasionally supported the more radicalized groups, but most provided the conservative Samuel Gompers with the support that enabled him to cling—albeit at times tenuously—to the presidency of the AFL from 1896 to 1924.

Montgomery's grounding of the two major ideological tendencies of the AFL—socialist-syndicalist versus business unionist—in two radically different workplace experiences is a brilliant stroke that compels us to look anew at the internal politics of the AFL and to ask why the business unionists eventually triumphed. By Montgomery's count of delegate votes in AFL conventions, the progressive bloc—resting on three powerful unions of coal miners, railroad workers, and metal trades workers—steadily gained strength throughout the 1910s and was poised, in 1921, "to secure control of the federation" and to promote "a sweeping program" of "government ownership and democratic control" of American industry." But what was to have been a climactic battle turned out to be an easy victory for Gompers, who won reelection in 1921 with two-thirds of the votes. The defeated progressives then entered a period of swift decline, unable to hold their own against the severe depression of 1921 and 1922 and the increased determination of the American state to secure a political environment in which capitalism could freely operate. By 1923, the AFL "devoted its Portland Convention to a celebration of American capitalism and a summons to the movement to drive out its radicals." The House of Labor that had long tolerated political difference among its members had fallen.

Even this extended summary of Montgomery's argument cannot do justice to his book's breadth, erudition, and originality, all of which will ensure it a place alongside such a formidable classic of the Wisconsin school as Selig Perlman's *A History of Trade Unionism in the United States* (1922). The author's ambitious attempt to comprehend the whole of the American working-class experience within a single analytic framework should stir lively contro-

versy among both labor historians and a broader intellectual public.

Three aspects, in particular, should generate debate. First, Montgomery's view of scientific management as the *deus ex machina* of working-class formation is not altogether convincing. His interpretation cuts against the grain of an emerging portrait of American capitalists as a group far too heterogeneous to embrace collectively the kind of rationalization that Montgomery has in mind. The militancy of the years 1916 to 1922 may be better explained by such causes as an acute labor scarcity and the politicization that the government, with its heavyhanded propaganda about a "war for democracy," unintentionally triggered among large groups of heretofore quiescent workers.

Second, Montgomery's devaluation of the role of the skilled worker in generating radical politics will come as a shock to the labor historians who first learned of their pivotal role at Montgomery's knee. That semiskilled operatives played a large role in the progressive AFL bloc in the war and postwar years now seems undeniable; what remains questionable is whether they played the cadre role that Montgomery assigns them. It is striking that the workers most prominent in the progressive bloc—machinists, miners, and railroad workers—all worked in industries where earlier generations of craft workers had exercised an extraordinary degree of shop-floor autonomy. Montgomery does not offer us the kind of detailed studies of rank-and-file leadership that would systematically establish whether workers still clinging to their craft or to vivid memories of it elaborated the radical visions and triggered the organizing campaigns of the postwar era. But the fact that fifteen to twenty years later these workers were at the forefront in organizing virtually every CIO union suggests that it may have been more of a factor in Montgomery's story than he allows.

Finally, it is open to question whether the radical politics of 1916 to 1922, in view of their subsequent rapid demise, involved as great a portion of the American working class—or enjoyed as strong a hold on the minds of individual workers—as Montgomery would have us believe. It may be that this radical movement was more fragile than Montgomery suggests, not simply because of formidable hostile forces arrayed against it but also because of serious divisions within the progressive bloc itself. Montgomery does note that feuds over anti-Semitism, communism, and industrial unionism weakened the progressive bloc at crucial moments in the postwar years; and he suggests that the growing bureaucratic power of AFL chieftains—as well as Gompers's genius for powerbrokering—frustrated

radical initiatives. But these discussions lack the acuity and energy that Montgomery brings to the story of radicalism's rise, and thus leave the reader wondering how workers could have allowed the radical labor movement to have been deflected from its appointed task.

Elsewhere in the book Montgomery himself seems troubled by the periodic derailment of working-class movements. Indeed, a persistent thematic undertow in this book, which works against the more dramatic story of working-class formation, portrays the working class as too diverse and its opponents as too clever and powerful to render plausible a linear story of labor on the march. Working-class success appears instead contingent, elusive, and ephemeral.

Such troubling thoughts may help explain the curiously flat tone of Montgomery's conclusion. This epic work, showing how millions of workers came together in a powerful—and quite radical—labor movement, entitles Montgomery to some sweeping statements about the effects of the 1920s defeats on the future of American society. It would have been easy for him to argue that labor's fall in the early 1920s marked a fundamental watershed in American life. The United States, its radical movement shattered, its techniques of mass production, scientific and personnel management nearly perfected, its government all too eager to create an environment congenial to capital, embarked on a course of social development unique among the world's industrialized nations. In a period when working-class parties came to power in virtually every European nation, American workers had to content themselves with a frustratingly subordinate role in American politics and society.

But instead of imbuing the early 1920s with such historic significance, Montgomery deliberately drains them of consequence. Workers, he simply concludes, would continue to confront employers at the workplace, and from such confrontations would arise new forms of class consciousness and new labor movements. Such a conclusion may seem unwarrantedly optimistic, but it hints, too, at a deep pessimism. Consider the following pronouncement concerning the history of American workers that appears in Montgomery's introduction:

Their movement has grown only sporadically and through fierce struggles, been interrupted time and again just when it seemed to reach flood tide, overwhelmed its foes only to see them revive in new and formidable shapes, and been forced to reassess what it thought it had already accomplished and begin again.

If we can read in such statements Montgomery's admiration for the dogged heroism of American workers, we can also discern his recognition of the

essentially Sisyphean character of labor's task—always to fight, never to win. Therein, perhaps, lies the hidden meaning of “The Fall”: What has evidently fallen is not so much any particular House of Labor, or even a historical moment of unique radical promise, but the fundamental Marxist belief, long guiding socialists, that labor would one day emancipate itself—and the rest of humanity. □

Paul Berman**LITERATURE AND THE INDIANS**

CUZCATLÁN: WHERE THE SOUTHERN SEA BEATS, by Manlio Argueta, translated by Clark Hansen. New York: Aventura/Vintage. 255 pp. \$7.95 paper.

Cuzcatlán, the title of Manlio Argueta's new novel, is the old Indian name for El Salvador. In our own United States literature, names like that used to crop up often a century and a half ago: “Hiawatha,” “Chingachgook.” Unscrupulous poets seized on Iroquois syllables to solve all the problems of English-language prosody. Whittier was always going on:

Cranberries picked in the Squamscot bog,
And grapes from the vines of Piscataquog

We laugh. It's been generations since we looked at the classic American writings on Indian themes as anything but children's literature. But in coming across such a title on a modern Central American novel, we might remind ourselves why it was that United States writers once bothered with such matters.

Plainly the practical realities were not to be ignored. In the age of Cooper and Longfellow, the Indian question, to use an old term, was far from closed politically or even, in the West, militarily. It was also because of cultural realities, the problem, namely, of discovering and defining the national character. For the United States was far from having taken final shape. The nature of the American civilization remained unclear and American writers had to ask themselves: What did it mean to be an American? What was the distinctive trait of imagination in the United States? What made America different from Europe and set our New World literature on a different course from Europe's?

Eyes looked down; a landscape of fading trails and arrowheads presented itself; and the early writers saw their new civilization as a ghastly tragedy, the scene of a race's disappearance, the collapse of a certain kind of dignity and morality. And if these particular themes later disappeared

along with the Indian names, if we came to snicker at the early writers and their cheap rhythms and to consign their works to children, we might ask ourselves: Was this solely because the themes were handled in sensationalist ways? Or also because the Indian question was, in the manner that everyone knows, closed at last, after which we no longer had to tax ourselves with a certain class of troubling questions?

In Central America, the Indian question has never been closed, not even militarily. That is a main difference between Central America and ourselves, and a main source of Central America's troubles. It's not just that Indian tribes like the Miskitos of Nicaragua continue to dominate certain districts and have yet to work out a settled political relationship with the Spanish-speaking populations—though that is true. The deeper issue is contained in Central America's traditional social structure. The relation of Miami- or Madrid-oriented oligarchs to folk-culture *campesinos*, the feudal domination of tenants by landlords, the tendency toward political absolutism and despotic cruelty—these things derive from the domination originally established by Spaniards over their Indian slaves and peons. Five hundred years have passed since the Spanish Conquest, yet in the fundamental shape that society has taken, Central America still conforms to certain original contours.

Central American society, though older by a hundred years or more than society in North America, exhibits in this respect features of a young culture, not yet defined. The Central American writers still have to ask themselves: What does it mean to be a Central American? What are the distinctive traits of imagination in Central America? What is it that makes Central America different from Europe or from the United States, and what will set Central American literature on its own distinctive course? Naturally, eyes look in Indian directions and see the ghastly tragedy; only in Central America this has never been a matter for elegiac contemplation. The Indian question is too urgent for that, politically, militarily, culturally, even personally, because in a country like El Salvador nearly everyone is either a pure Indian or some kind of *mestizo*, Indian and Spanish. The split between El Salvador and Cuzcatlán is a split that runs through the individual personality.

Argueta's novel follows the Martínez family, ordinary Salvadoran *campesinos* possessed of a good amount of Indian culture, through several generations to the present. Old Emiliano, the maker of stone bowls, marries his daughter to the boarder. The daughter and her husband have three sons, two

of whom peddle pigs and are impressed into the *Guardia Nacional*. The third son marries a nice woman and has a little girl—and so on through the years.

We learn basic information about *campesino* life and Indian tradition, about courtings, births, how the people farm, the making of stone bowls, what a good fiesta is like, what diseases they suffer from. And as Argueta presents this in his sober realist manner, he manages to evoke a larger history of the Salvadoran peasantry. This history has been horrible in ways that North Americans, for reasons having to do with our own culture, find supremely easy not to know about. There was a Communist uprising among Salvadoran peasants in 1932 that was put down by a massacre of many thousands of people, “The Slaughter,” which is how Indian uprisings have always been put down, with or without the hammer and sickle. Yet though this massacre occurred only a few hundred miles from the United States and though their 1932 was worse than ours, I think it safe to say that no awareness of it exists among North Americans.

In the 1980s has come the new revolutionary movement and the new repression. Emiliano’s great-granddaughter, the last of the generations that Argueta sketches, becomes a revolutionary militant. She points out that 40,000 Salvadorans were killed in three years. What a terrible history these Salvadorans have had, a “nocturnal history,” in the phrase of Sergio Ramírez, a history of darkness that has lasted ever since the Conquest! There has been something like five hundred years of fascism. But Argueta also means to suggest, through the political choices of the great-granddaughter, that this endless night may be drawing to a close. The *campesinos*, he means us to think, are ceasing to be victims, though God only knows what the consequences of taking such a step will be.

Argueta has established the technique, both here and in an earlier novel, *One Day of Life*, where some of the same characters appear, of telling his story and also providing his historical and anthropological documentation by having his characters step forward and speak as if into a microphone. You could almost imagine that an interviewer has arrived from a newspaper or university department with a list of questions, and that the characters have decided to make themselves agreeable by answering at loquacious length. In *One Day of Life*, the technique by and large succeeds because Argueta was able to evoke a feeling of shock that made interviewer methods seem appropriate. When there’s really trouble, when a plane has crashed or calamity has occurred, you don’t want a traditional narrator, you want a reporter, you want to see a microphone stuck in the faces of eyewitness-

nesses. The same technique in *Cuzcatlán* has its moments of success, too. Argueta is especially good at projecting a woman’s voice, at evoking, say, the excitement of a fiesta, and at making you curious about flirtations or courtships. He strikes the casual, off-hand tone of the Central Americans:

The marimba was also brought out into the rain. Actually it was just a sprinkle and we weren’t making much of a sacrifice for the saint. Soon the first firecracker was thrown into the air and everyone was glad to hear the double crack! as it exploded near the clouds; they were also glad to hear the pulum-pulum of the marimba playing pretty songs. And since most of us went barefoot it was all right to dance in the puddles, and if God was willing, the rain would let up and the puddles would dry out quickly because the water gets absorbed into the porous earth and the hot air makes it evaporate.

One day, when Jacinto stopped by on his way from the lagoon, I saw him in a different light. . . .

The new book tends to be calmer, less shocking than *One Day of Life*. The calmness tends, however, to make the interview technique look a little odd. You wonder, why would the *campesino* woman say that “most of us went barefoot,” which is the sort of thing that would be too obvious for comment? Why add the observation that hot air makes the water evaporate? You begin to wonder about the interviewer: who is he and what are his purposes? Yet the interviewer never appears.

Doubts arise about the relation between narration and characters. You notice that everyone is fairly sweet and nice among the *campesinos*, no one is an old pill; it’s only the *Guardia Nacional* and the gringo advisers (whom we never see, but their influence is big) who emerge as truly detestable. One character blurs into another. The different generations, who married whom, which is the daughter and which the grandmother—these little details sink into the rainy-season mud.

Perhaps in an echo of Julio Cortázar (who provided the inspiration for many left-wing Central American writers of the younger generation), Argueta has given an especially complex structure to his epic of the Martínez family. Chapters one through six are labeled, in turn, 1981, 1936, 1950, 1981, 1948, and 1945, in order to weave together history and personal life. But the hopscotching around only manages to conceal the didactic purposes of his book. It might even be that if the structure were less complex, a revolutionary sentimentality would be seen to animate Argueta’s imagination in this novel, the kind of sentimentality that intends to celebrate “the people” but succeeds only in rendering them bland.

We're weary of that sort of thing. We've had too much of it—more even than we realize. Sentimentality about the Indians was, after all, the failing of Whittier and Longfellow, too. Writers have had trouble imagining the Indians for as long as there has been a New World literature, which, if you think about it, makes the horrors and traumas that Argueta describes seem even graver, less easy of resolution. □

David Bensman**RACE, CLASS, AND POVERTY**

THE TRULY DISADVANTAGED: THE INNER CITY, THE UNDERCLASS, AND PUBLIC POLICY, by William Julius Wilson. Chicago: The University of Chicago Press. 1987. 246 pp. \$27.50.

America declared “war on poverty” twenty-five years ago, yet in most inner-city neighborhoods conditions are worse now than they were then. In the years since Michael Harrington opened an innocent nation’s eyes to the sorry reality of “the other America,” hundreds of thousands of babies have died of remediable maladies, and millions more have had their growth stunted by lead poisoning, malnutrition, and easily preventable childhood diseases.

The cities are filled with children growing up in families with no working parents, no prospects of a better life, no hope. Many turn to lives of crime, filling our jails to overflowing.

The crimes of poor young people have poisoned the political atmosphere, killing the good will of society’s more fortunate, and giving sustenance to the ugly racism that has always afflicted the white majority. For a generation, the American people have blamed liberals for the persistence of poverty and the prevalence of crime in the streets. Every mugging, rape, and drug deal blights liberal prospects and provides ammunition for conservatives.

For the first five years after the “discovery” of poverty, liberals possessed the political initiative: their program to dismantle discriminatory barriers and equalize economic opportunities engaged the conscience of the American people. But the patience of the white majority soon wore thin: George Wallace and Spiro Agnew demonstrated all too quickly that there was much political hay to be made attacking liberal “apologists” for black criminality. By the late 1970s, neoconservatives developed a politically effective explanation of the persistence of urban poverty: federal do-good welfare and affirma-

tive-action programs had created a dependency syndrome that stripped poor blacks of the moral strength needed to take advantage of the abundant opportunities our society offers. Edward Kennedy’s defeat in the 1980 presidential primaries rang the death knell of Great Society liberalism and ushered in a decade of malign neglect.

University of Chicago sociologist William Julius Wilson’s book *The Truly Disadvantaged* squarely addresses not only the causes of the persistence of urban poverty but also the causes of liberalism’s failure. In a powerful work of social analysis and political advocacy, Wilson diagnoses what went wrong and prescribes a program to remedy our society’s festering ills.

Beginning with a polemic against those who have attempted to deny the problem, Wilson argues that black intellectuals made a fatal error by pretending that there was nothing wrong with poor people, that all the problems of the poor could be explained by invoking society’s racism. Poverty really *hurts* people.

White liberals were also guilty—of what amounts to moral cowardice. In the late 1960s, when some black nationalists and white radicals wrote scathing attacks on the Moynihan Report, many liberals were so intimidated that they simply stopped writing about social dislocations in the inner city.

These errors, Wilson argues, constituted a surrender of the political terrain to conservatives, who were the only people speaking convincingly about the social pathology that everyone knew existed.

Wilson demonstrates just how bad things have become in our inner cities. Solid data indicate that as black males found economic opportunities shrinking, black families broke apart. Unemployed black males often abandoned their families; pregnant single women saw little reason to marry the fathers of their children when those fathers could not provide financial support. In a few years, the proportion of black children living in households headed by a single parent increased dramatically. Single mothers earned incomes well below poverty levels, and they lacked the resources to climb out of poverty. Lack of child care made it hard for women to work; lack of educational funding made it hard for them to upgrade their skills.

In one of the most controversial sections of his book, Wilson acknowledges that the dismantling of discriminatory barriers and the creation of affirmative action programs have had some important negative consequences for poor blacks. This argument has infuriated some black nationalists and delighted neoconservatives. But Wilson’s analysis does not rest on hostility to affirmative action; indeed, he is keenly

aware that affirmative action has enabled more-advantaged black people to gain better jobs and move out of the ghettos. In the process, he affirms, America has become a more racially integrated and, thus, a more democratic society.

But for those left behind in the ghetto, Wilson insists, the problem of class subordination actually worsened. The departure of more-advantaged blacks stripped inner-city neighborhoods of important role models and weakened the force of moral sanctions adults tried to impose on the young. As urban ghettos became exclusively the home of poor people, the "concentration effects" of poverty increased. When employed blacks left poor neighborhoods, they ceased to be a major source of help for ghetto dwellers seeking jobs. As the truly disadvantaged became more isolated from job networks, they no longer had access to information about where jobs could be found. "And as the prospects for employment diminish, other alternatives such as welfare and the underground economy are not only increasingly relied on, they come to be seen as a way of life." Education and job-related skills lose their value. Teachers become frustrated. Schools deteriorate.

Wilson argues relentlessly against both racial and cultural explanations for the persistence of poverty in the inner city. Poor blacks remain poor, he argues, not because of discrimination, and not because of cultural deprivation, but because they have few opportunities to get the kinds of jobs that would allow them to rise.

Wilson roots the deterioration of black inner-city neighborhoods firmly in economics. As industrial businesses have left the cities for the suburbs, or for low-wage areas in the Sunbelt and abroad, the job market for urban blacks has dramatically worsened. Between 1970 and 1984, the number of jobs in New York City requiring less than a high school education decreased by 492,000, while the number of jobs in New York City requiring some higher education increased by 239,000.

As a result of these trends in the labor market, the overwhelming majority of blacks in the inner city confront miserable alternatives—work and live in poverty, or don't work and live in poverty.

In his final chapter, "The Hidden Agenda," Wilson sketches a public policy to eliminate poverty by creating decent-paying jobs. This program closely resembles that advocated by the beleaguered battalions of the American democratic left, as well as the social democratic parties of Western Europe, with whom Wilson specifically identifies. Unlike the neoliberals who dominate the Democratic party these days, Wilson argues against reliance on programs

aimed at minorities and the poor: job training won't have much effect when there aren't many jobs that pay a decent living. And means-tested welfare programs will never have enough political support to provide more than minimal maintenance for the disadvantaged.

Instead, Wilson calls for macroeconomic policies that will stimulate economic growth. The restrictive monetary policies of the Carter and Reagan years, which controlled inflation while fueling the growth of unemployment, were a prime barrier to black progress; if we could return to the tight labor markets of the 1960s, there would be decent jobs for blacks to aspire to, and job training programs might then enable the disadvantaged to escape the secondary labor market in which they have been trapped.

Wilson also recognizes that there are many poor people for whom improved economic opportunities alone would not suffice. For children, the elderly, and the handicapped, some sort of improved welfare system is necessary. A national program of Aid for Dependent Children with benefits adjusted yearly for inflation would be a step in the right direction; so would a program providing guaranteed benefits for all children in single-parent families.

Unlike the neoliberals, who would rely on mean means-tested programs, Wilson advocates expansion of universal entitlement programs wherever possible. Family or child allowances, which provide benefits for children regardless of the family's income, are commonplace in Western Europe. Unlike public assistance, they carry no social stigma, and they do not contain disincentives for the parents to work. They provide the greatest help to those who truly need it, without provoking widespread political opposition.

Child care is another politically popular universal policy that would greatly benefit the disadvantaged. Without publicly funded child care, many poor black women simply cannot get the education or training they need if they are to find better jobs. And even those few who do get decent-paying jobs find private child care prohibitively expensive.

Strong economic growth, improved welfare programs, and expanded universal entitlements would not work miracles, says Wilson, but they would provide the economic basis for black families to regain coherence. The "culture of poverty" might recede in the face of expanded economic opportunity.

Even though Wilson's emphasis on universal entitlement programs and economic policies to create more decent-paying jobs is not new—he

credits Bayard Rustin, Michael Harrington, and Tom Kahn—his work is a significant contribution to public discourse at a time when so many former liberals have abandoned their commitment to social spending and full employment. By facing up to the extent of social pathology in the inner city and by demonstrating the economic roots of that pathology, Wilson has fashioned a convincing argument for renewed federal activism.

One might argue, however, that Wilson's call for macroeconomic policies to stimulate economic growth is too vague and that his endorsement of universal entitlements rings somewhat hollow in the face of the huge deficits Democratic and Republican conservatives have created during their recent tax-cutting and missile-buying spree. The Keynesian programs of the Golden Age of capitalism alone are no longer adequate; in order to stimulate noninflationary growth in a global economy, the progressive coalition Wilson envisions will have to reorder social priorities and reform economic institutions. By stopping his analysis short of these structural problems, Wilson has left himself open to attacks from both the right and the left.

Nevertheless, *The Truly Disadvantaged* is a monumental work of intellectual virtuosity and political courage. □

Gary Dorrien

THEOLOGY BASHING

WILL IT LIBERATE? QUESTIONS ABOUT LIBERATION THEOLOGY, by Michael Novak. Mahwah, N.J.: Paulist Press, 1986. 311 pp. \$14.95.

Neoconservative Michael Novak, once a man who decried U.S. military and political encroachment in other lands, has written another apologia for U.S. policy in Latin America in the guise of a critique of Latin American liberation theology. Novak charges, with some justification, that certain liberationist writings are utopian, and he effectively criticizes the most extreme proponents of liberationism, such as José Miranda. There are a few (very few) liberationists, such as Miranda, who are communists. There are other liberationists who have advocated sweeping nationalization programs and rather uncritically adopted Marx's labor theory of value. Novak cites examples of these arguments, offers an intelligent critique of state collectivism, and then—apparently encouraged by his success at deflating the utopianism in some liberationist writing—delivers a highly generalized and unwarranted assault on the entire liberationist project. He observes that virtually all

liberation theologies are attached to some version of economic dependency theory, but the latter, he insists, is a mistaken and, by now, discredited account of socioeconomic development. Novak implies that because all liberation theologies thus far have been tied to dependency theory, all of them have been fundamentally distorted.

But dependency theory explains more than Novak acknowledges. The basic insight of dependency theory is that developed nations create "centers" that dominate more vulnerable nations in their "periphery," causing the latter to become disproportionately dependent on external economic decisions. Dependency theorists cite unfavorable trade agreements, the promotion of cash crops for export, exploitative policies of transnational corporations, aid to corrupt and repressive governments, and large external debts contracted with these governments as examples of the dependent relationship. In Latin America, for example, networks of modernized airports, hotels, and telecommunications systems have been financed by unprecedented volumes of debt in countries where most people have never driven a car or used a telephone. This process of economic distortion has been reinforced by the arms trade, as in Honduras, which is currently being urged to use its U.S. military credits to purchase F5-E jet fighters. It does not require much insight to see how the militarization of this desperately poor country, which has been virtually turned into a U.S. military base, has made the country dependent on external economic and political decisions.

Novak ignores the role of military sales and aid in promoting economic dependency and therefore avoids the most pressing policy questions of the moment, but he does take direct aim at critics of the transnational corporations, pointing to the recent economic successes of the East Asian rim nations and implying that Latin American nations could experience the same economic growth if they developed the East Asian work ethic and promoted transnational investment as aggressively as the South Koreans and Taiwanese.

The problem with this argument, aside from its idealization of certain authoritarian, anti-union countries in East Asia, is that it overlooks the historical Latin American experience, which has not been unacquainted with transnational modernization. By selling multimillion dollar technologies to the (often corrupt) governing elites of poor countries, First World financial and business corporations have saddled these countries with unpayable debts and stripped them of their capacity to invest in their own future. By increasingly assuming control over Latin American finance capital, natural resources, produc-

tion, and marketing, transnational firms have skewed the investment priorities of undeveloped nations and undermined their prospects for economic self-determination.

Novak asserts that transnational firms generate economic growth through their investment of capital in their own firms, and therefore argues that Latin American nations actually need higher levels of transnational investment than they have received. This is pure dogma. In his exhaustive study for the United Nations, *Estrategia Industrial y Empresas Internacionales*, Fernando Fajnzylber has revealed that transnational enterprises in Latin America have taken, on average, approximately 75 percent of the net profits out of Latin America, and have traditionally financed the same percentage of their investments from local capital. Between 1957–1965, for example, only 17 percent of the capital investments of U.S.-based transnationals were brought in from outside the periphery countries themselves. Other studies have confirmed the same pattern.

It is true, as Novak repeatedly insists, that dependency theory does not present a completely sufficient explanation of underdevelopment. Some of the poorest countries in the world have had little or no contact with the outside world. It is equally true, as Novak frequently insists, that Latin American political cultures are largely preliberal and therefore precapitalist. And it is even true, as Novak complains, that some of the liberationist literature has failed to present an alternative to this tradition of cultural and economic authoritarianism.

In its most typical versions, however, and in the common experience of those who have been changed by it, liberation theology is a rejection of the legacy of Latin American authoritarianism and a call for community self-determination, economic democracy, and political freedom. Though the liberationist literature contains its share of illusions, there is a hard core of democratic, Latin American self-assertion in the movement that Novak entirely overlooks. For the most part, as in the works of Leonardo Boff, Gustavo Gutierrez, Jon Sobrino, and José Comblin, liberation theology is rooted in the Latin American struggles for self-determination and freedom. It does not look to either the capitalist or communist world for political models. Most important, liberationism is not primarily a trend among intellectuals. The lifeblood of liberation theology is not any given theory or collection of books; rather, it is the praxis of hundreds of thousands of “base

communities” covering most of Latin America. These communities live out their religious faith by digging community wells, building roads to inaccessible villages, establishing community services, and organizing trade unions and cooperatives—often at the risk of their lives. Liberationism is essentially their vision of emancipation, as well as their struggle for it. When Novak gave a speech in Sao Paulo, Brazil, in 1985, a protester held up a sign that read, “Liberation theology is ours.” That is the point.

Because I have elsewhere criticized him for failing to address these matters, I should note that in his new book Novak does at least mention the Central American record of the United Fruit Company (in a defensive two-page summary), and he also acknowledges the existence of modern democratic socialism. About the latter, he accurately explains that democratic socialists advocate political freedom and pluralism, market discipline, and decentralized forms of socialization, such as cooperative ownership. Yet the discussion of democratic socialism is the strangest feature of Novak’s book. Novak explains that modern democratic socialism is actually a “variant” of “democratic capitalism,” which he personally rejects only because it promotes too much political control over the economy. Because cooperative forms of ownership are still forms of private ownership, he says, there is no difference in principle between capitalism and modern democratic socialism.

This is a curious pose, coming from the man who organized an attack on the American Roman Catholic bishops’ overtures toward economic democracy, but as his considerable exertions against the pastoral letter reveal, the bedrock issue is the question of economic democracy. Having lost his faith in his earlier ideals, Novak now plugs for capitalism as though it were an unknown ideal. But even taken as an ideal, “democratic capitalism” is compatible with only a truncated form of democracy. The most democratic system within human reach is the market socialist model that Novak ridicules. Novak claims that because it eschews nationalization, modern socialism is not socialist. But as he surely realizes, market socialist strategies (such as the Meidner Plan in Sweden) offer worker and community-controlled forms of ownership that fulfill the traditional goal of socialism: to establish democratic control over the economy, especially the process of investment, in the context of political freedom. Novak dismisses economic democracy out of hand in order to claim the democratic mantle for his own position. His hold on that mantle, however, is only as firm as the weakness of the democratic socialist movement. □

Professor Hook Protests

Editors:

Anyone *au courant* with the New York literary scene, or familiar with debates and discussions on capital punishment, knows that the target of Alfred Kazin's attempted character assassination ("They Made It!", Fall 1987) is Dr. Ernest van den Haag, currently professor of jurisprudence and public policy at Fordham University. I deplore the fact that *Dissent* has opened its pages to this mode of controversy.

Readers unaware of Kazin's target could hardly be interested in a description of an anonymous character by a disappointed rival for the favors of "The Village's most frequented *femme fatale*." It is obvious that Kazin was counting on the ease with which a large number of your readers would identify the person whom he lacked the courage openly to name. My differences with the editors of *Dissent* are great indeed, but I am taken aback that even those among them who still believe in a united front with Leninists of any variety would countenance publication of Kazin's cowardly pursuit of a personal vendetta in the pages of *Dissent*. When the *New International* denounced me as a Fascist, at least I was openly named.

Ernest van den Haag was a young anti-Fascist who was imprisoned under Mussolini's Fascist regime. When he reached this country in 1940, he was still an ardent leftist, but during the course of intense discussion with social democrats and other anti-Stalinists he gradually relinquished his beliefs first in Leninism and then in Marxism. I am confident that, in subsequent years, had he remained a Leninist of sorts or a Marxisant sociologist, he would have acquired a position in some sociology department that his talents so richly deserved. But despite his immense abilities, the doors of the academy were closed to him. Under the influence of his good friend Abba Lerner, he shifted to economics. He became a brilliant writer and teacher of adult education courses. All sorts of excuses were offered for denying him a regular teaching post—excuses that if taken seriously would have applied just as much to the less gifted persons who were hired in his stead and sometimes even to those who offered these rationalizations.

On many matters I have been and still am in strong disagreement with Professor van den Haag. But I have found his critical and often astringent dissent from my views intellectually challenging. He is very formidable in debate.

Kazin's libelous reference to van den Haag's views on capital punishment are characteristic in their emphasis on

disparaging epithets rather than argument. Van den Haag nowhere accepts with "a smile" that in the nature of the case there is always a risk when capital punishment obtains that an innocent person may be executed. He states it as a prediction to be considered with the prediction that a far greater number of innocent persons will lose their lives if capital punishment is absolutely abolished. He nowhere urges that capital punishment be mandatory but always discretionary. The retentionist view for which van den Haag argues and which, according to Kazin, makes him a monster, is an old and conventional view staunchly held by many honorable scholars, including some of the great liberal Justices of our Supreme Court.

As late as my debate with the notorious "hanging Judge" Liebowitz before the New York Bar Association, I myself have been an opponent of capital punishment except in three classes of cases where it would be discretionary—those involving historical creatures like Hitler, those in which persons sentenced to life voluntarily request it, and those in which the guilty defendants have killed more than once. I held this view for many years against van den Haag. After reading his remarkable book *Punishing Criminals*, I changed my mind in the light of the tremendous increase in violent crime and now believe that the class of cases in which capital punishment should be discretionary should be expanded.

This is not the place to discuss the complex points in favor of van den Haag's position, which is less extreme than those of Kant, G.E. Moore, and John Stuart Mill. I challenge Kazin to defend his absolutist position against capital punishment by reasoned argument rather than by insult.

SIDNEY HOOK
Stanford, Calif.

ALFRED KAZIN Replies:

Whenever Sidney Hook sees my name in print he loses his temper and some sense of what the occasion demands. I'm afraid the only idea Hook has of literature is polemic. My paragraphs in *Dissent* were taken from private journals that are my way of surviving everyday life in New York and the horrors of twentieth-century extremism. They are not written in "character assassination" (that leftist catchword) of anybody. They are my heartfelt, damned lonely protest against the times. Not least ex-leftists like Sidney Hook, who have become Ronald Reagan's favorite intellectuals. Who, like Hook, have turned their backs on the suffering that goes on in our society and that cannot be blamed on Hook's primary interest and everlasting obsession—the Soviet Union.

I have never met Ernest van den Haag and have so little interest in him except as a symptom that I saw no need to mention his name. I do not expect Sidney Hook to understand this, but I was remembering something very disturbing and oppressive to me—the defense, even the espousal, of capital punishment. Everything about capital punishment revolts me. I find it terrifying that only a few religious people (mostly in the South) actively oppose it.

Hook does not deny the truth of what I wrote—that van den Haag found “acceptable” the execution of twenty-four people proved innocent of the crimes for which they were put to death. Since he cannot deny it, he reads me one of his lectures—this time on capital punishment. I have been reading or hearing Sidney Hook’s lectures all my life, and for some reason his self-confidence has never diminished, though the substance certainly has. □

On Housing

Editors:

The article by Jim Sleeper, “Boom and Bust with Ed Koch” (*Dissent*, Fall 1987), was misleading and factually incorrect.

The Tibbett Gardens proposal is not aimed at providing only low-income housing, nor is this joint program with the Real Estate Board the mayor’s only effort to provide affordable housing. Tibbett Gardens seeks to provide critically needed housing for middle-income New Yorkers. It is only a small part of the mayor’s ten-year, \$10.2 billion plan to restore, construct, and preserve 252,000 units of low-, moderate-, and middle-income housing units. While much of this commitment is for low- and moderate-income housing, the retention of middle-income New Yorkers—the job and tax base of the city—is critical to maintaining the economic vitality of New York. Of the 252,000 units planned, more than 85 percent will go to families with incomes of \$25,000 or less, and 50 percent will be affordable to families earning \$15,000 or less. The developers have agreed to build Tibbett Gardens without profit.

Although you suggest a minimum income of \$44,000 will be required, with \$52,000 more likely, to afford these units, the reality is that a two-bedroom unit will be affordable to a family earning approximately \$42,000.

The plan approved by the Board of Estimate for Tibbett Gardens calls for 750 units of middle-income housing and the construction of a 600-seat elementary school to alleviate overcrowded conditions in the area. In addition, 10,000 square feet of community space will be provided, at least one hundred units will be reserved for senior citizens, open space for recreational use by both the community and the residents will be provided, and a recreation area of over 13,000 square feet will be available for the elementary school.

These efforts deserve accolades, not criticism.

SUSAN D. WAGNER
Director of Housing Coordination
The City of New York
Office of the Mayor

Would Anyone Else Have Done Better?

Editors:

I read your special issue on New York City with much interest and pleasure. Essentially, it comes down to an indictment of the Koch administration as a half-willing, then quite willing auxiliary of Reaganism. Fine. But what you don’t quite come to grips with is the question any attentive reader must ask: Was there any realistic alternative to Koch in the given society? Was there any way of bringing the city back from the edge of bankruptcy other than the concessions and inducements that the Koch administration gave to the real estate developers?

No doubt, some of those concessions were excessive: a necessity turned into a luxury. But basically, given the sad state of the city before Koch took over, was there any realistic alternative to Koch? His particularly unattractive features, such as the veiled and not-so-veiled race baiting, were perhaps signs of an inner guilt or irritation that an ex-liberal feels when he has to do unpleasant things—and soon learns to find them pleasant. But wasn’t Koch’s experience something like that of certain social democratic governments in Europe during the past fifty or sixty years which took over a collapsing capitalist economy, neither could nor would undertake radical measures, and therefore had no choice but to introduce austerity measures that did indeed bring some economic health to the society, though at the expense of the poorest segments of the population?

I wonder if one of you would try to answer these questions.

RICHARD BLUESTONE
New York, N.Y.

JIM SLEEPER Replies:

Susan Wagner’s letter consists almost entirely of bureaucratic obfuscation and betrays (or perpetrates!) a thorough misunderstanding of Tibbett Gardens.

For example, both halves of the first substantive sentence of the letter get my very clear argument precisely backward: I described and evaluated the project as the moderate- and middle-income housing it pretended to be; and nowhere did I suggest that the project is “the mayor’s only effort to provide affordable housing.” My point—and that of Professor George Sternlieb of Rutgers and two *New York Times* real estate reporters, all of whom I cited—is that, as a demonstration that private developers can build even moderate- and middle-income housing without extensive public subsidy, the project is a dramatic, instructive failure.

Wagner’s citywide housing production numbers are fanciful—most of the \$10.2 billion has yet to be found, and the city always welches on its low-income numbers in the end. Her Tibbett Gardens numbers reflect the Board of Estimate’s salvaging operation that occurred after the article was published, a salvaging operation that proved, again, the importance of direct public subsidy to moderate-income housing.

To reply to Richard Bluestone. If anything, Koch's situation in 1978 (and Abe Beame's in 1975, when the crisis hit) was *worse* than those of European social democratic governments, which can at least fiddle with monetary, trade, and business-labor policies in a manner solicitous of the premiere cities where those governments, after all, are lodged. Paris, Amsterdam, and other such cities have thus been spared some of the small-minded huckster's panic over competition for investment that precludes even the possibility of intelligent city planning in New York (and suits Koch's own peddler's mentality to a tee).

New York City isn't even the capital of its state, let alone the nation; it is a municipal corporation utterly hostage to other hostile governments and private lenders. Nor does Americans' ingrained free market-and-frontier ambivalence toward cities exactly sustain a consensus that great cities need and deserve great national investments. Not that European cities are fully spared the vicissitudes of international capital and job migrations; but at least they have countervailing political and cultural strengths to help cushion and anticipate such fluctuations. New York is naked by comparison.

Under the circumstances, Ed Koch did a brilliant huckstering job for New York, to former congressional colleagues and corporate decision makers, on precisely the terms an ambivalently urban America demands; and, yes, part of that bargain meant showing that he could keep rebellious minorities in their place. So his own visionless "tics" suited the nation's, where cities are concerned.

It should be noted that, upon inauguration in 1978, Koch could only follow the guidelines of municipal salvation already hammered out by Felix Rohatyn, Victor Gotbaum, Albert Shanker, Hugh Carey, Walter Wriston, and others (often over Mayor Beame's sputtering protests) three years earlier. In that sense, Koch cannot be credited with even a diabolical originality; he merely translated ironclad constraints into a New York idiom that cowed, chastened even, liberals like himself.

That the solution has proved to be mean-spirited and destructive—indeed, has done permanent, ugly damage to the civic consensus that a different group of actors hammered out in the 1930s and 1940s under LaGuardia—is now as plain as the racial violence and homelessness in our streets. Could a municipal default and court-ordered restructuring of the city's and state's priorities in 1975 have done better? With the right judge and mobilized coalitions, perhaps. But that in turn raises questions that go back to labor-capital truces of the 1940s and 1950s. Suffice it to say that, by 1975, neither the leadership nor the coalitions were in place.

For all that, a more farseeing, adroit leader than Koch could at least have curbed the symbolic and real excesses—the open contempt for losers, the brutal overbuilding and low-income housing abandonment, the complete abdication of city planning—that have given greed and ill-will a vicious momentum all their own in the life of New York. □

New York as Metropolis

Editors:

I enthusiastically join those who have praised your Fall 1987 issue, "In Search of New York." More expansive than the special New York issue of twenty-five years ago, the articles were imaginative, probing, informative.

May I then be permitted some criticism? Some articles articulate the kind of provincialism outlanders frequently ascribe to New Yorkers—their image of the nation, perhaps the world, as simply divided between our town and out of town. When other places were mentioned, the tone often implied that they were somehow better off, even that they represented enemy territory. For example, it's about time notions about the economic health of the so-called Sun Belt were put to rest. Both poverty and unemployment rates are highest there, however much they bribe business to locate. Texas, of all places, is currently confronting its own fiscal crisis.

Many of the articles did not sufficiently emphasize how city problems are intrinsically connected with national issues. Simply put, we have to realize that we are all in it together no matter where we live. Further, the valuable accounts of the city's cultural scene might have touched on kindred developments elsewhere. After New York it's really not all Bridgeport.

Then there is the failure to appreciate the fact that the city is part of a large metropolitan area, the majority of whose residents do not live in the five boroughs. I would have liked to see some examination of how the city's problems are exacerbated by the nature of our megalopolis: countless autonomous governments that limit regional planning, financial strains on the city intensified by costly programs for which we suburbanites contribute so few tax dollars, the narrow parochialism of our small local communities, etc. These drawbacks, typical in all metropolitan areas, include, for this region, the additional complexity of location in three separate states, with the economic cannibalism inherent in our federal system. About the only people with a genuine regional perspective are the radio helicopter pilots reporting traffic jams.

Jim Sleeper, lumping together the movement of printers and garment manufacturers to "Hackensack or Taiwan," reflects the metropolitan view we-they. After all, Hackensack is not off the coast of China but a shorter distance from midtown Manhattan than the daily subway rides many of us grew up on. With cheap rapid transit, the changed location would not produce any hardships for workers living, say, in the South Bronx. (That it would affect city revenues is, of course, another "big story.")

In summary, the problems discussed in many articles cannot be solved, by and large, within the city itself. Granted, the theme is implicit in several articles. Changes in national policies are imperative and possible. Some movement toward regional government is also in order but, unfortunately, much less likely. Some attention to the different pattern in Canada, for instance, might conceivably spur serious consideration of such a possibility.

WILLIAM SPINRAD
Glen Cove, N.Y. □

A Better Place in Memory

Editors:

Largo Caballero's role in Spanish politics is, regrettably, misunderstood by Benjamin Martin in an otherwise excellent article ("The Spanish Civil War Revisited," *Dissent*, Summer 1987) that states the case for socialist and liberal support of Republican Spain in the Civil War. Martin leaves his readers with the impression that Caballero was simply a tool of the Communists. This remarkable man deserves a better place in our memory.

Caballero left his peasant village in his youth to become a construction worker in Madrid, where he taught himself to read and write in order to be a more effective union leader and Socialist politician. He eventually became the head of the Socialist-led trade unions (UGT) and bitter personal rival of Indalecio Prieto, journalist and intellectual, for leadership of the Socialist party.

While serving a prison term following the failed Socialist-led uprising in 1934, Caballero began reading Marx and Lenin, causing his ideas to veer sharply to the left and, upon the suggestion of an American journalist, thinking of himself as "the Spanish Lenin." From his previous role as a somewhat conventional labor union official and Socialist municipal councillor, Caballero emerged from prison to lead and energize the Socialist party's left wing, which published its own mass circulation paper in opposition to the party's daily. Caballero and his paper called for the "dictatorship of the proletariat" during the period (1935) when the Communist party, to Caballero's dismay, was abandoning its revolutionary jargon in favor of the Popular Front. It was during this confusing period that Caballero was influenced by Alvarez del Vayo, a leading left-wing Socialist who later turned out to be an undercover CP operative, to agree to the merger of the Socialist party's youth organization with that of the Communists.

In the early months of the Civil War, his revolutionary posture having made him the idol of the Spanish working class, Caballero became prime minister virtually by popular acclaim. Though the Communists played upon his vanity and used him to penetrate into governmental positions, there is no evidence that he yielded more to them under the desperate need to secure Soviet arms than did his successor, Juan Negrin, a moderate Socialist, or than did Prieto as minister of war. Actually, they were less resistant to Communist demands than was Caballero, who developed a strong dislike for Rosenberg, the Soviet ambassador, for his interference in Spanish internal affairs.

When the Communists sought the liquidation of the POUM as "Trotskyist-fascist agents of Franco," Caballero blocked them, saying that, despite political differences, he knew the POUM leaders for many years as devoted to the cause of the working class and that, as a worker, he would never dissolve another working-class organization. When, some months prior to the Civil War, the Communist party had demanded that the POUM be excluded from the People's Front election coalition, Caballero had bluntly told them "no" and the Communists had simply caved in. Now the negotiating power given to the Communist party

by Soviet arms permitted them to exploit the split in the Socialist leadership and force Caballero out of office. Experiences with the Communists made Caballero and his followers increasingly embittered anticommunists, especially Luis Araquistain, who served Caballero as editor and publicist, both before and after the Civil War.

In Martin's article, he quotes Julian Bestiero, who stood at the extreme right wing of the Socialist party and refused to participate in the Civil War, as denouncing Caballero's "bolshevization," which Martin calls "inane." It might have been that, but it should not be confused with "Stalinization," as Martin does when he expresses his gratitude that in today's Spanish Socialist party there are no pro-Communists "like the Caballerists of the 1930s." In my opinion, the anticommunism of Socialists in Spain today is very much in the Caballero tradition.

ERNEST ERBER
Columbia, Md.

BENJAMIN MARTIN Replies:

Ernest Erber's gross distortion of Largo Caballero's role might very well have been extracted from a 1939 time capsule. It is a perfect representation of what, alas, so many of us in those days erroneously believed to be true.

Erber commits a host of factual and interpretive errors. I will endeavor to respond only to the more important ones:

1. The old saw that Largo suddenly saw the light in 1935 upon reading the works of Marx and Lenin while in prison and then veered sharply to the left is nonsense. Moreover, his lurch to revolutionary maximalism actually commenced in the summer of 1933.

2. The shift to an infantile leftism came in the wake of the breakdown in 1933-1934 of the bureaucratic-corporatist labor relations structure (the mixed juries) that Largo, as labor minister, had instituted in 1931. Ever since World War I, UGT trade union action had been based on such a gradualist, collective-bargaining outlook. Its collapse created considerable disarray and a profound identity crisis. To avert the loss of supporters to the CNT, to mollify radicalizing militants, and to restrain a resurgent political right, revolutionary rhetoric was first employed as a defensive resort. Thenceforward, Largo and his supporters became the prisoners of a political dynamic, finding it necessary to translate radical talk into action, thus leading to the insurrectionary folly of October 1934. Largo and his fellow UGT leaders were merely trade unionists with little political vision or understanding. They had not become genuine revolutionaries, they simply were converted, to quote a leading Spanish socialist historian, into "radicalized reformists."

3. When I referred to the "inane bolshevizers" I did not say that the leaders of the socialist left were witting procommunists. They were in fact somewhat wary of a Communist party that until 1934 followed a wildly insurrectionist policy. But their ultraleftist incoherence, which contributed so much to the ultimate demise of the Republic, their extolling of the Soviet model as the exemplar for Spain, their fulsome praise of Stalin and the USSR, a certain fascination with and inferiority complex vis-à-vis the then inconsequential Spanish Communist

party—Araquistain boasted that Left Socialists were more Communist than the Communists—all of this and much more made the Spanish socialist movement extremely susceptible to Communist and Comintern manipulations, making it both a victim of and responsible for the Spanish tragedy.

Francisco Largo Caballero was a man who had selflessly devoted his life to the workers' cause and to their betterment. His personal tragedy was that he viewed politics and theories simply as means to advance the interests of the UGT. He possessed a rudimentary political understanding. Once he lost his trade union bearings and had to make political decisions of much greater import, his use of revolutionary verbiage became an entrapment that led to the destruction of the Spanish socialist movement. The Spanish Republic was only able to survive and function so long as it could rely on a united, democratically committed Socialist party; once that no longer existed, sooner or later it was bound to perish. □

Market Socialism, No; Mixed Economy, Yes!

Editors:

The essay by David Miller and Saul Estrin, "A Case for Market Socialism: What Does It Mean? Why Should We Favor It?" (*Dissent*, Summer 1987), is a valuable contribution to the discussion of alternative economic systems. Its discussion of workers' self-management is excellent, and its review of the role of the market process is intelligent and—as far as it goes—fairly convincing. The major problem is that the latter discussion doesn't go very far at all.

Miller and Estrin express a preference for "a free market in products, and either no market at all, or a well-regulated market in labor or capital." But by asserting that the market process when applied to consumer goods leads to (1) efficient production and distribution, (2) the best use of socially decentralized information, (3) increased personal freedom of choice, and (4) decreased bureaucratic power, the authors have necessarily, if indirectly, raised the question of whether these benefits would not also apply to capital markets and labor markets.

While pointing out the special circumstances that they see in capital markets and labor markets, Miller and Estrin neglect the other half of the equation: Do the problems cited fully or only partially offset the benefits (efficiency, information, freedom, and power) of markets? Could the special circumstances be dealt with by supplementing the market process with limited social legislation rather than by abolishing markets? Would the likely alternatives to capital and labor markets (presumably various forms of central planning) lead to a curtailment of these market-based benefits? What trade-offs might be faced under each system?

There are other points at which their arguments for market socialism seem vulnerable. When discussing the "special features" of capital markets, for instance, Miller

and Estrin argue that investment decisions (1) are particularly complex and (2) may have substantial social repercussions. The first condition means that investment decisions tend "to gravitate in practice into the hands of experts who are able to spend time acquiring the necessary information . . . a small elite." The second condition means that the decisions of that "elite" give them a "power" over the majority of citizens whose lives are affected by private investment decisions.

It is clear that Miller and Estrin are not offering any formula for making investment decisions less complex. The small "elite" of investment "experts" will remain with us. The difference between a market process and a nonmarket process in this case is simple: Under a market regime the investment "experts" are constrained by the need to earn profits for the investors whose capital they employ and by the competition they face from other investment "experts." Under the most obvious alternative—state planning of capital investments—the "experts" will be constrained by the need to please their political and bureaucratic superiors. They, in turn, must please the politically significant players in the given political system (the Politbureau, for example, or core constituent groups in a democratic system). An examination of recent performances by Congress and the president in preparing the federal budget suggests that nonmarket approaches have significant limitations of their own. As between a congressional subcommittee and the strategic planning staff of IBM, I am not as sure as Miller and Estrin that I'd be happier to have my investment dollars looked after by the public sector. Letting the state, even a democratic state, control or closely regulate investment is not likely to produce results clearly superior to those achieved by a market process. Miller and Estrin need to address such issues.

I see no reason to assume that a free market in labor—supplemented with adequately designed and funded education and job-training programs—would be unacceptable to intelligent socialists. Given the virtues that Miller and Estrin attribute to the market process, I can see why it might in fact be the *preferred* approach. And if critics answer that the government never does adequately design and fund such programs, I would have to enquire why such critics would therefore expect the government to do a better job designing and maintaining job-allocation programs.

It is clear from the opening of their article that Miller and Estrin have a good grasp of the benefits and limitations of market processes. They seem to have a much less clear picture of the limitations of governmental efficiency, wisdom, and benevolence. Nor do they seem to grasp the fact that consumer goods markets are tied, through the production process, to capital markets and labor markets and that to do away with the markets in the latter categories effectively cripples the markets in consumer goods.

On the plus side, Miller and Estrin are headed in the right direction: away from dogmatic demands for comprehensive state planning. And for the right reasons: greater economic efficiency and individual freedom of choice.

ROBERT BLAIR
Wheaton, Md.

SAUL ESTRIN AND DAVID MILLER Reply:

Robert Blair attributes to our essay "A Case for Market Socialism" more definite intentions than its authors had. Our aim was not to provide a blueprint for a society organized on market socialist lines but to present some underlying principles and canvass some practical options—chiefly on the question of the preferred structure of economic enterprises. The intention was to persuade those on the left committed to a vision of socialism built on centralization, bureaucracy, and planning that a decentralized solution through markets was not merely feasible but attractive. We therefore sought to explain and defend market socialism in a broad way, rather than to peddle a particular vision.

Blair focuses on our claim that labor and capital markets have special features that set them apart from ordinary commodity markets. He infers that we favor nonmarket allocative procedures for labor and capital. But this inference is mistaken. Our point was simply that whereas with most ordinary commodities the case for allowing markets to operate freely as mechanisms of exchange is overwhelmingly strong, with labor and capital other factors—social costs, in a broad sense—enter the equation. The most committed free marketeer would not permit the invisible hand always to reign supreme in these areas, nor would we. In what ways, then, would labor and capital markets be differently organized under market socialism?

Take labor first. For the most part, we envisage that the labor market would operate freely. Workers would choose which skills to cultivate and which enterprises to apply to join. Quitting would be equally voluntary. There is nothing resembling labor direction in this model of socialism. But market socialists must ensure that when market forces take equilibrium real wages for some groups below the socially defined level of subsistence, for example, because of a serious downturn in world trade, workers' incomes do not actually fall to this level. There must be a floor to levels of pay for all groups whatever their special situation in the economy. Moreover, the government must intervene to prevent the emergence of the unemployment that would otherwise result. Within limits, we would be less concerned about the free operation of market forces determining pay at the top end of the scale, provided that high salaries reflected the intelligent use of real skills, rather than the exploitation of monopoly power in the labor market.

A second constraint on the labor market derives from our concern with enterprise structure. Although we do not wish to rule out private activity on a small scale, we believe it is essential to the survival of market socialism that large-scale privately owned enterprises not be permitted to emerge. Above a certain size, all productive companies must therefore become either publicly owned corporations or producer cooperatives. It is our view that for most productive activities co-ops should be the predominant form. Public corporations should be restricted to the utility sector and other natural monopolies. But wherever the dividing line is finally drawn, our concern about the reemergence of capitalist ownership arrangements implies an additional labor market rule precluding voluntary

employment contracts between workers and a private owner in organizations above a certain size.

Capital allocation raises more complex questions. They are not so much questions of principle: we can set out the desiderata for an investment system without great difficulty. There are three main requirements: (1) It should operate efficiently, in the sense that capital is allocated to the enterprises where it will be used most productively; (2) It should preserve the autonomy of the enterprises that receive the capital; (3) It should not generate very large inequalities of wealth among those responsible for the investment decisions. (1) and (2) together strongly suggest that there should be market competition between the investment agencies, so that the agencies bear the gains and losses of their decisions and so that cooperatives and other enterprises can use the option of switching from one agency to another to protect themselves from unwarranted interference. (3) suggests that privately owned banks of the traditional sort would not be appropriate to market socialism.

In addition, investment choices can have important effects spilling over to individuals other than those responsible for the decisions. An obvious example is pollution, but of equal social importance might be the special employment needs of particular areas. It then becomes hard to balance the market elements of allocation against the necessity for some sort of political regulation. Contemporary capitalist economies face similar problems and tend to resolve them in an ad hoc way, with nonintervention the norm and sporadic, but dramatic, government involvement in cases where public opinion or interest is strong. Our preferred solution would be to place the problem in a permanent institutional framework—a forum in which the competing claims of market and social returns could be fought out, case by case. This indicative planning framework would not, in itself, ensure public intervention in the accumulation process. Our predisposition remains for free-market outcomes whenever possible. But it ensures that investment takes place after the maximum feasible exchange of information, with government intervention triggered by predetermined criteria.

The most difficult issue is choosing between the options that remain for running a market-socialist capital market. On the one hand, we might envisage an array of public bodies, legally constituted and operating independently of one another—several national investment banks and a plethora of local and regional agencies mandated to foster investment in their particular areas. On the other hand, the investment banks might be constituted as private companies, with their shares owned (for instance) by the enterprises to which they lent their capital and raising their money from private as well as public sources. Note that in either case it would be possible to assess the investment managers according to the economic success of their decisions, and to work out appropriate reward schedules. Further refinements on these options can be devised and are discussed in our forthcoming book on market socialism (see J. Le Grand, ed., *Market Socialism*, Oxford University Press, 1988). It probably does not make sense to state an absolute preference between them regardless of the historical circumstances of particular countries.

We would stress in conclusion that we certainly do not have a naive faith in the benevolence or omniscience of civil servants. Our predilection is for decentralized solutions wherever possible, and our aim is to find ways of combining these with longstanding socialist commitments to distributive justice and aspects of welfare that conventional markets tend not to accommodate. Of particular importance here are the benefits of workers' self-management and a distribution of income that is closely aligned with productive contribution. These commitments militate against the private ownership of enterprises and take us beyond the "mixed economy" if it means a system that preserves private ownership of capital in all essential respects but tries to offset its effects by political means. In another sense, our solution is a "mixed" one, inasmuch as we try to combine markets with planning in a way that makes best use of both these (fallible) instruments.

SAUL ESTRIN
London School of Economics
DAVID MILLER
Nuffield College, Oxford □

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In Memoriam

BRENDAN SEXTON

1911–1988

When I first met Brendan Sexton in the mid-1930s, he was pure flame: an activist in the then still-vital Socialist party, a leader in the unemployed movement, a young man full of blazing energy. I saw him from a distance, since the decade that separates us in age can be very significant for the young. To me Brendan seemed—and in this intuition I was right—one of those socialists who escaped from the narrow slots of either theoretician or spear-carrier. He was on the move, but he was startlingly articulate—one of Norman's boys, as a comrade told me. I admired him, of course, and also felt a little fearful of what seemed an extraordinarily quick temper. About that I wasn't so wrong, either.

Then came a great divide, one of the tragedies of the American left. The socialist movement, and I with it, declined into a rectitude of sectarian posture, even as the movement for organizing the industrial working class in America got under way. We were discussing "revolutionary policy," while out there in Michigan and Indiana there were great strikes, the blood at River Rouge, the beginnings of the UAW triumph. Brendan—with what inner hesitations can't say—chose to throw himself into. . . well, let's call it, accurately enough, the class struggle. he and other good socialists became convinced that they had to choose between building a great new union movement and the Socialist party, with its ritualistic electoral purity. He was right, mostly, and we were wrong, mostly. But far more important, there occurred a division all but fatal to the democratic left—the wounds are far from healed. The damage this did to American socialism I have tried elsewhere to describe; what damage it may also have done to American unionism others may yet tell us.

By the time I next came to meet Brendan he was an established, figure in the UAW. He had made the right choice, yet within him there was an unquenchable young rebel who felt—am I imagining this?—

just a little uncomfortable. Meanwhile, we came to see that the group around Walter Reuther, whatever criticisms might be leveled against it, was by far the most progressive, militant, and imaginative in the world of American trade unionism. Gradually, too slowly, nervously, there began a rapprochement. Once Brendan retired he reaffirmed his socialist convictions and became a member of the *Dissent* editorial board, seldom a writer, but a keen participant. And that wonderful temper, which I learned to take as a signal of affection, was still there—as anyone who might say a careless word about unionism at our meetings quickly found out.

Brendan was a labor intellectual, which means that throughout his life he was pulled one way and then another. He lived with this tension, a creative tension most of the time. I saw him as a somewhat bumpy bridge between the democratic left and the trade unions. With intellectuals, he was a defender of unions, but I suspect that with unionists he could grow impatient if he encountered crude anti-intellectualism.

The tragedy of our years—perhaps, to some extent, also Brendan's—was that we failed to bring together the two impulses that Brendan so vividly personified. Perhaps later generations will do better. But we did the best we could, we sons of Norman Thomas, and when I look back at these decades—at all those who lapsed into cynicism and neoconservative retreat—I think we did pretty well.

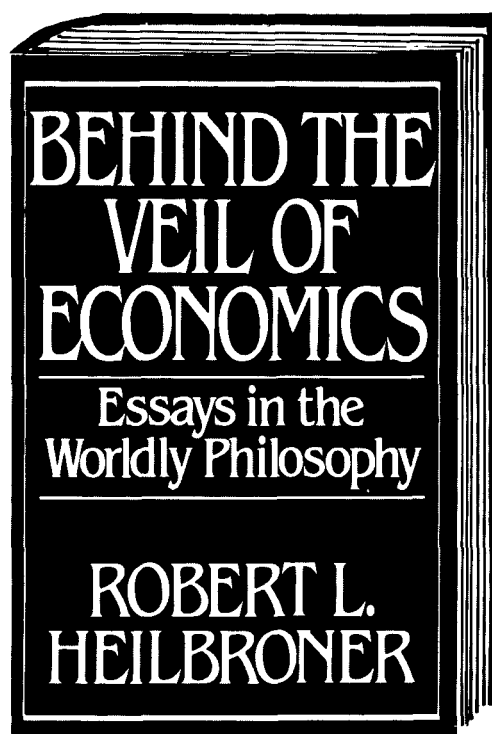
In his last year Brendan kept his fire, but there was a new softness, a sweetness of voice. He respected every effort at social betterment. He saw virtue in picket lines and in scholarly articles. He lost his temper when he heard something foolish or callous and then grinned his way back into good humor. He was a good man, a fighter in the cause.

I.H.

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